

Report
**Evaluation of Dutch support to capacity
development: evidence-based case studies**

Synthesis report case study SNV



Context,
international cooperation



June 2010

Colophon

The present report is part of a series of seven evaluations titled 'Evaluation on the Dutch support of capacity development; evidence based case studies', organised by the Policy and Operations Department of the Dutch Ministry of Foreign Affairs (IOB). The report presents the findings of three cases studies, which review capacity development as designed and implemented by SNV and its partners.

All cases pertain to Value Chains in East Africa and have been evaluated by a team comprised of an African VC expert, representatives from the Community Development Resource Association (CDRA, South Africa), the Centre for Development Innovation (CDI, Wageningen University and Research centre) and Context, international cooperation. Context, international cooperation provided the team leader for the evaluation and has the final responsibility for the reports.

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The views expressed in this report are those of the consultants and do not necessarily represent any official view of SNV, the IOB or members of the SNV Reference Group.

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The Hague/Utrecht, June 2010

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Abbreviations

ABDC	Agri-Business Development Component (Uganda, Danida funded)
APEP	Agricultural Productivity Enhancement Programme (Uganda)
APF	AgriProFocus
APLP	Advisory Practice Learning Programme
ASALs	Arid and Semi-Arid Lands (Kenya)
ASPS	Agriculture Sector Programme Support (Uganda)
BAP	Building Advisory Practice
BASE	SNV's 'Access to Basic Services' impact area
BDS	Business Development Services
BOAM	Support to Business Organisations and their Access to Markets
B2B	Business to Business
CAHW	Community Animal Health Workers (Kenya)
CD	Capacity Development
CDRA	Community Development Resource Association (South Africa)
CDS	Capacity Development Services
CG	Coordination Group (VC Ethiopia)
CSO	Civil Society Organisation
DANIDA	Danish International Development Agency
DDP	Dutch Development Partner
DFA	District Farmers' Association (Uganda)
DGIS	Directorate General for International Cooperation of the Netherlands Ministry of Foreign Affairs
DLG	District Local Government
DLMA	District Livestock Marketing Association (Kenya)
DLMC	District Livestock Marketing Cooperative (Kenya)
DLPO	District Livestock Production Office (Kenya)
EAB	Ethiopian Apiculture Board
ECDPM	European Centre for Development Policy Management (Maastricht, NL)
EBBPEA	Ethiopian Honey and Beeswax Producers and Exporters Association
EKN	Embassy of the Kingdom of the Netherlands
ESA	East and Southern Africa (Region of SNV)
ETB	Ethiopian Birr (currency)
ETC	Educational Training Consultancy
EU	European Union
FAO	Food and Agriculture Organisation
FS	Financial Services
GDP	Gross Domestic Product
GoU	Government of Uganda
GRG	General Reference Group (IOB-CD study)
GTZ	German Development Cooperation
ICT	Information and Communication Technology
IDP	Internally Displaced Person
IFAD	International Fund for Agricultural Development
IIRR	International Institute of Rural Reconstruction
IOB	Policy and Operations Department (Dutch Ministry of Foreign Affairs)
KCC	Kenya Creameries Cooperative
KLMC	Kenya Livestock Marketing Association
KLWG	Kenya Livestock Working Group
KMC	Kenya Meat Commission
K/Rep	Kenyan Republic Bank (offering micro finance services)

Ksh	Kenyan Shilling (currency)
LCB	Local Capacity Builder
LCDF	Local Capacity Development Facility
LEI	Netherlands Agriculture Economics Institute
LINKS	Livestock Information Network Knowledge System (Kenya)
LMA	Local marketing Association (Kenya)
LMIG	Livestock Marketing Interest Group (Kenya)
M&E	Monitoring & Evaluation
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries (Uganda)
MDG	Millennium Development Goals
MFI	Micro Finance Institution
MoARD	Ministry of Agriculture and Rural Development (Ethiopia)
MoL&F	Ministry of Livestock and Fisheries (Kenya)
MoU	Memorandum of Understanding
MSMEs	Micro, Small and Medium Enterprises
MSP	Multi Stakeholder Process (or Platform)
NAADS	National Agricultural Advisory Services (Uganda)
NARO	National Agricultural Research Organisation (Uganda)
NCEIA	Netherlands Commission for Environmental Impact Assessment
NGO	Non Governmental Organisation
NIMD	Netherlands Institute for Multi party Democracy
NOUMA	Northern Uganda Millers Association
OD/ID	Organisational Development and Institutional Development
OSSUP	Oil Seed Sub-sector Uganda Platform
PADEP	Pastoralist Development Programme (SNV Kenya 1998 - 2002)
PIE	SNV's 'Production, Income and Employment' impact area
PO	Producer Organisation
QSAE	Quality Standard Authority of Ethiopia
R&D	Research & Development
RG	Reference Group
RIS	Rural Information System
SACCOS	Savings and Credit Cooperative Societies (Uganda)
SARDEP	Semi Arid Rural Development Programme (SNV Kenya 1999 - 2002)
SCAPEMA	Strengthening Support Capacity for Enhanced market Access (IFAD)
SCC	Samburu County Council (Kenya)
SIDEP	Samburu Integrated Development Programme (Kenya)
SIP	Strategic Intervention Plan
SNV	Netherlands Development Organisation
TA	Technical Assistance
ToC	Theory of Change
ToR	Terms of Reference
UNFFE	Uganda National Farmers Federation
UOSPA	Uganda Oilseed Producers and Processors Association
USAID	United States Agency for International Development
USD	USA dollar (currency)
VC	Value Chain
VCD	Value Chain Development
VODP	Vegetable Oils Development Programme (Uganda)
WRS	Warehouse Receipt System
WUR	Wageningen University and Research Centre

Preface

The present report is a synthesis of the programmatic evaluation of value chain (VC) capacity development (CD) in East Africa, as implemented by SNV Netherlands Development Organisation. The report is based on three case studies and guided by an inception report approved by the SNV-IOB Reference Group (RG). The three VC case studies were conducted in 2009. They document SNV's role in developing the capacities of three value chains in East Africa: the Honey VC in Ethiopia, Livestock VC in Kenya, and the Oilseeds VC in Uganda. The cases, based on field learning, change our conceptual perception of how to strengthen capacities of multi-actor systems such as VCs.

The SNV study is one of a series of seven evaluations titled 'Evaluation on the Dutch support of capacity development; evidence based case studies'¹, organised by the Policy and Operations Department of the Dutch Ministry of Foreign Affairs (IOB). The IOB carries out independent evaluations of policy and operations of all projects that fall under the Netherlands' International Cooperation. The present report follows the IOB annotated Table of Content, used by all seven studies. The first chapter introduces the evaluation framework; the second chapter summarises, analyses and gives conclusions of the three cases; while the third chapter delineates the CD policy reconstruction of SNV. The final chapter compares Chapters II and III and reflects upon lessons learnt.

It has not always been easy to combine the different perspectives and expectations in this evaluation. For most of the practitioners mentioned in the three cases the five capabilities model was new. Most of the VC actors we met were not well versed with concepts of value chains operation and analysis. Still, we consider the knowledge acquired through these cases to be very valuable. To make capacity development in VCs more effective; we need to support practitioners with organisational processes, systems and procedures which esteem learning. The evaluation team hopes that the findings in this report will contribute to the CD practice of SNV and its partners, and to the goal of learning, as aimed at by the IOB.

The consultants would like to thank all persons we met for their patience and assistance during the evaluation process. We are especially grateful to the representatives from the three VCs and SNV in Ethiopia, Kenya and Uganda that were involved in the three field studies. The support provided by the SNV East and Southern Africa region and SNV head office, combined with their willingness to make this evaluation a learning process, is much appreciated. Our gratitude goes especially to Margriet Poel for the overall coordination, and Jan Ubels and Julia Ekong for their valuable analysis and input. The evaluation team is also grateful for the guidance and suggestions provided by the SNV-IOB Reference Group (Ton Dietz (director African Study Centre, chair reference group), Eric Kamphuis (Core Consultant IOB CD evaluation, senior consultant ETC), Thomas Theisohn (Coordinator Learning Network on Capacity Development, free lance consultant), Isaac Bekalo (Regional Director for Africa IIRR), Jan Willem Nibbering (DGIS/DEK), Julia Ekong (regional strategy advisor SNV ESA), Jan Ubels (senior policy officer SNV HQ)). The support of the IOB representatives Piet de Lange, Rafaëla Feddes and Eric Kamphuis (senior consultant ETC and core consultant of the IOB evaluation on Capacity Development) is also much appreciated. The six other team leaders at various occasions have shared their drafts and ideas at the IOB-CD d-group or during meetings, which was much welcomed.

¹ The overall Terms of References are available at <http://www.minbuza.nl/binaries/en-pdf/iob-evaluatie/rapporten/tor-evaluation-capacity-development.pdf>

Contents

Contents.....	1
List of boxes, figures, maps and tables.....	2
Executive Summary.....	3
I. Introduction of the evaluation.....	8
1.1 Background of the evaluation.....	8
1.2 Organisation of the overall evaluation.....	9
1.3 Brief introduction of SNV.....	10
1.4 Reasons for the evaluation.....	10
1.5 Objectives, key issues and evaluation questions.....	10
1.6 Methodology and conduct of the evaluation.....	12
1.7 Focus and limitations.....	14
1.8 Organisation of the SNV-IOB evaluation.....	15
1.9 Outline of the report.....	15
II. The case studies.....	16
2.1 Case I: Honey Value Chain Ethiopia.....	16
2.2 Case II: Livestock Value Chain Kenya.....	22
2.3 Case III: Oilseeds Value Chain Uganda.....	28
2.4 Analysis and conclusions.....	33
III. Policy reconstruction.....	46
3.1 Overall Policy of SNV.....	46
3.2 SNVs intervention theory, strategy and approach regarding CD.....	47
3.3 SNV's core products and processes.....	48
3.4 Present policy in perspective.....	52
3.5 Analysis and conclusions.....	54
IV. Analysis and lessons learnt.....	56
4.1 Effectiveness and efficiency of SNV and LCB contributions.....	56
4.2 Lessons on capacity development in value chains.....	58
4.3 The five capabilities framework.....	59
V. Epilogue.....	61
Annex 1. Methodological feedback.....	62
Annex 2. References and case resource persons.....	64
Annex 3: Methodologies and major steps followed by the SNV-IOB evaluation.....	68
Annex 4: Ethiopian honey VC map (situation 2009).....	70
Annex 5: Uganda overview of primary and secondary VC actors (situation 2009).....	71
Annex 6: Overview of VC actors livestock case Kenya (situation 2009).....	73
Annex 7: Governance for empowerment in the Honey VC (Ethiopia).....	74
Annex 8: Capacity Development Process Honey Value Chain (SNV Ethiopia).....	75
Annex 9: Capacity Development Process Livestock Value Chain (SNV Kenya).....	78
Annex 10: Capacity Development Process Oilseeds Value Chain (SNV Uganda).....	81
Annex 11: SNV's core characteristics and description for effective behaviour.....	83
Annex 12: Steps taken in the ESA region to strengthen the skills of advisors.....	84
Annex 13: Organigram SNV Kenya.....	85

List of boxes, figures, maps and tables

Boxes:

Box 1: Testimony Molio Letaapo, member livestock marketing association	p.24
Box 2: Increased ownership (quote oilseeds VC actor)	p.31

Figures:

Figure 1: The five capabilities model (Baser and Morgan, 2008)	p.08
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Maps:

Map 1: Ethiopia	p.16
Map 2: Kenya	p.22
Map 3: Uganda	p.29

Tables:

Table 1: The five capabilities and related skills or abilities	p.09
Table 2: Overview of similarities and differences between the three cases	p.34
Table 3: Overview of SNV and LCB engagement, capacities grown and input provided	p.36
Table 4: Changes in SNV's CD policy in 2000	p.53
Table 5: Overview of key developments in SNV's strategy for 2007-2015	p.53

Executive Summary

The present report is a synthesis report of the programmatic evaluation reviewing capacity development (CD) of Value Chains (VC) in East Africa as implemented by SNV Netherlands Development Organisation. The synthesis report is based on three case studies and guided by an inception report approved by the SNV-IOB Reference Group (RG). The three VC case studies have been conducted by the end of 2009 and concern a review how SNV has implemented CD of VCs in East Africa: the Honey VC in Ethiopia, the Livestock VC in Kenya, and the Oilseeds VC in Uganda. The SNV study is one of a series of seven evaluations titled 'Evaluation on the Dutch support of capacity development; evidence based case studies'², organised by the Policy and Operations Department of the Dutch Ministry of Foreign Affairs (IOB).

Over a period of three to five years SNV has provided CD support to individual VC actors, to collaboration between actors and to governance and institutional development required to become better performing and more inclusive value chains. Based on the findings from the three case studies the evaluation results are as follows.

The three case studies revealed promising evidence of developed capacities. There is evidence that SNV's contributions to the value chains have played a substantial role in developing the capacity of the VC systems. The three value chains achieved commendable quantitative and qualitative results. Social capital was built amongst VC actors, resulting in dynamic and strong value chains with a stable external network.

The Ethiopian honey VC achieved major results in a short period of four years, benefitting 27,000 individual beekeepers and various VC organisations, especially processors. Annual honey production increased in four years from 24,600 tons to 39,660 tons. In Kenya the creation of the Lolkuniani livestock market in a remote part of the country had a substantial impact on the lives of the people of the area, creating some 1,000 businesses. The model is now being up scaled to seven other districts. In Uganda, the production of oilseeds increased from 75,000 MT to 300,000 MT in four years; benefitting an estimated 100,000 farm households.

Summaries are given below on changes in the five capabilities (ref. model of Baser & Morgan 2008, applied by all seven CD IOB studies), their inter-relation, external factors and systemic development of the value chains. This is complemented by a summary of our conclusions on the effectiveness and efficiency of SNV and LCB's contributions, key factors explaining effectiveness and efficiency and areas for improvement. Finally, broader lessons and challenges are delineated for organisations that wish to undertake capacity development of multi-actor systems.

Changes in the five capabilities

In all three cases the capability of the VC *to deliver on development objectives* significantly improved. Examples from Uganda (p. 43-45 case report Uganda) are increased number of newly formed and strengthened PO groups, performance targets met, and increased access to services and resources. The VCs were better able to *deliver on development objectives* as a result of other capabilities being strengthened, particularly the capabilities *to act and commit* (examples Ethiopia: stronger leadership, increased ownership, increased contributions by VC actors, p. 37 case report Ethiopia), *to relate* (examples Kenya: dialogue between local

² The overall Terms of References are available at <http://www.minbuza.nl/binaries/en-pdf/iob-evaluatie/rapporten/tor-evaluation-capacity-development.pdf>

government and livestock owners and effective micro-macro linkages, p. 43 case report Kenya) and *to achieve coherence*. The increased ability to achieve coherence was evident in the growing trust and understanding among different actors in the sector, like private and government actors. Coherence increased in all three cases through better information sharing, market information and market intelligence, and improved quality management of products. The capability to *adapt and renew* has been strengthened, but could still be stronger. Examples from Uganda, for instance, are new products and services, the increased level of joint sector analysis, presence and quality of participatory M&E, and reinforced internal collaboration (p. 41-42 case report Uganda). Overall SNV contributed especially to the capabilities *to cohere* and *to relate* (see also below).

Connections between the five capabilities

The cases illustrate that in the VC development process all five capabilities are related and they contribute to each other's strength to help the VC perform. The relationship between capabilities is important as they complement each other to help the overall capacity and performance of the VC. With growing connections and dynamics, the capabilities of the VC and its actors are not enhanced only by 'external' support from SNV and LCBs. Their support matched, built on and also stimulated existing capabilities among VC actors. Over time VC actors themselves more and more achieved progress also on the basis of their own impulses and collaboration.

External factors

All three cases illustrate the importance of external factors. Enabling VC actors to analyse and monitor external factors and designing strategies to cope with them were crucial in all three cases. The Uganda VC actors profited from the renewed political stability, to improve competitiveness and integrate Government and donor support. In Ethiopia, the private sector became an engine for growth with the public sector by reviewing legislation and creating an enabling environment, supported by donor funding. Another key factor that kick started the VC development process in Ethiopia was the presence of an international market. In Kenya, the VC actors had to cope with drought periods, which severely impacted the livelihoods of pastoralists.

Systemic development

The overall capacity of the value chains has benefited from systemic development. The three VC stories illustrate how internally, within the VCs, elements and VC actors respond and adapt to each other. The increased competence of VC actors to deal with the context, as described above, offers examples. Strengthening any of the five capabilities effects the other four capabilities. Whereas VC actors themselves did not use the term "system", adaptive systems were inherent in the practice of the three VCs. The cases show the significance of working consciously on the development of multi-stakeholder systems. SNV is clearly starting to work with larger and more complex systems. This enables the organisation to have a better understanding of living systems.

Conclusions on the effectiveness and efficiency of SNV and LCB contributions

SNVs CD support to the three value chains has been effective and relatively efficient. The applied approach shows promise and explores new ground in CD of multi-actor systems and of VCs in particular. Learning and methodology development is ongoing. This evaluation concludes the following on SNV and LCBs:

- The available material and evidence indicate that SNV's CD assistance was quite effective. SNV made a significant contribution to capacity growth of individual actors, to the collaboration between actors, and the functioning of sector institutions, policies and regulatory frameworks.

- According to the VC actors, SNV support (including LCB engagement) was essential for these achievements. In all three cases, VC actors highly appreciated CD services provided by SNV. VC actors rated the interventions of SNV as very effective compared to similar interventions.
- Inputs by SNV required about 250 - 500 advisory days/year for national level VC facilitation (Ethiopia, Uganda) and some 130 advisory days/year for meso level facilitation (Kenya, with linkages to national level). Given the duration and size of engagement with the three value chains, there have been commendable achievements in capacity gains. In relation to the results obtained, one can conclude that the efficiency was rather high.
- In conclusion, the support provided by SNV and associated LCBs was effective and efficient (cost/benefit in terms of volume of support provided versus amount of actors influenced and related outcomes).

Key factors that explain the effectiveness and efficiency:

Our analysis suggests that the following key elements contributed to the effectiveness and efficiency of SNVs work:

- SNV is different from most other Dutch development partners in that it has in-country presence and engages directly in client CD processes. Its deliberate choice for an advisory, knowledge brokering and facilitative role allows it to develop the approach reviewed in this evaluation. It is important to note that this approach probably should not be adopted by actors that have an important financing relation to local actors. Financing and CD support cannot be easily combined. The evaluation team considers SNVs role choice relevant. It forms a basis for its ability to do the quality of work shown in the three cases.
- Reasons cited by VC actors for the effectiveness included: good time management, effective communication, high level of commitment, high level of mobilisation, capacity to lobby funds, choice and use of LCBs, and introducing new initiatives like the establishment of the Rural Information System.
- SNV especially strengthened the capabilities *to achieve coherence* and *to relate* (relate both within the VC as well as between VC actors and external actors). The cases illustrate that this was critical in building capacity for collective action.
- All three cases started with a careful analysis of the context and the VC actors. These analyses were shared and deepened with VC actors and constituted the basis for VC development.
- Carefully combining support at different levels (individual actors, relations and collaboration between VC actors, addressing the VC institutions, policies and rules) seems to result in improved 'system dynamics', that go beyond the sum of the individual support activities. A focus on the abilities to relate and to achieve coherence seems to create trust and reliability that 'unleashes' dormant or potential capacities within actors.
- Through a strong emphasis on generating and sharing information; SNV strengthened the VC actors' competence to deal strategically with the context, with each other and with external actors.
- Intervening where there is energy for change but also addressing issues that really hurt ('the points of pain') was an important principle. In all three cases, SNV acted as a catalyst in situations where the potential for self driven initiatives already existed.
- SNV facilitated connections between VC actors, thus enhancing trust. Ownership still remained with VC actors, but facilitators from SNV brought in proactive initiatives that turned out to be critical for VC development. SNV is developing interesting and significant professional experience in this respect. An interesting

example are SNVs 5 'behavioural characteristics' that the organisation uses in staff selection and development: 'leads from the middle', 'is a relationship builder', 'has an attitude of inquiry', 'is a straight talker', 'takes responsibility and is accountable for impact' (see annex 11).

- SNV and LCB staff involved in VC development combined both content (technical VC) and change management expertise. Another key cause of success was that SNV provided support via flexible teams, which combined intelligence and activities at local, meso, national and international levels.
- The combination of different forms of CD services was another key ingredient. LCBs tend to bring in external expertise. SNV support services often respond concretely to actors' business needs and are not abstract organisational inputs.
- The evaluation team remarked upon SNV's commitment to articulating, documenting and improving its practice. The three cases demonstrate SNV's experimental learning on how the VC development concept can be applied in practice. The experiences allow for up-scaling and practice is feeding into re-conceptualising VC development.

Areas for improvement

The study found a few areas where SNV could enhance its CD policy and practice for value chains. In particular, improvements can be made by providing more direction and improving practice with regard to the following elements:

- Learning exchanges on different value chain development activities within countries and regions can increase. This is expected to enhance effectiveness.
- Provide stronger guidance on documenting power issues and strengthen the analytical skills of SNV and LCB staff and VC actors to analyse and deal with power issues.
- Analyse the distribution of benefits from VC development more explicitly and elaborately. SNV can also better analyse its own role and approaches in negotiating and influencing a more equitable distribution of benefits, keeping with the organisation's pro-poor focus.
- Being aware of opportunities for strategic gender changes when new roles are introduced. Caution has to be taken: in the three cases it is not yet researched what the gender changes entail in a structural sense.
- How to enhance the strategic competence of VC actors to analyse and monitor contextual factors that might hinder or support the VC. This includes strengthening the monitoring and evaluative practice in value chains in terms of tracing what systemic effects take place at the level of gender and poverty.
- A stronger role in sharing lessons and in external discussions on why and how systemic changes in value chains contribute to sustainable poverty reduction.
- The engagement of capable LCBs and how this can be addressed with other national and international organisations within a sectoral 'CD service environment' framework. The cases illustrate that building a 'CD service environment' requires harmonisation with other international organisations that support the sector.

The multi-actor CD approach used by SNV in the three cases goes beyond conventional capacity development. The SNV experiences indicate broader lessons and challenges for organisations that wish to undertake or support capacity development of multi-actor systems. The key lessons are as follows:

- CD strategies that address different levels and angles of intervention at the same time are effective in stimulating shifts in dynamics in multi-actor systems like value chains.
- Such approaches require clear impact orientation, an analysis of market opportunities and constraints, and an integration of sector knowledge and change expertise.

Flexibility and responsiveness of support services are essential. It is the energy and the 'points of pain' of local actors that drive the process.

- Acknowledge that interventions in relations and coherence are often more effective than isolated impulses within internal systems or in policies. If well embedded in other forms of support, MSPs can be pivotal interventions to drive multi-actor system CD processes.
- A pro-active, facilitative approach is an essential ingredient. The cases reveal a range of elements, balances and attitudes that such facilitative approach requires. Trust and credibility need to be gained in practice.
- A range of service providers is required to diversify expertise and support services. Learning and coordination between different support activities needs to be organised. Engagement of local providers helps to increase outreach and scale, to provide the range of expertise and services needed and especially contributes to an on-going 'CD service environment' that structurally strengthens the sector and sustains its ability to change and innovate.
- When a multi-actor, multi-level approach works; it starts to generate dynamics and resources as well as forms of support within the system. Co-investment is therefore a very essential ingredient.
- Some funding for innovations and experiments is often required in this type of CD process, but the use of these can often be strongly controlled by stakeholders through MSP related mechanisms. Separating CD support from the investment drive of major donors or governments is recommended for the quality, effectiveness and responsiveness of the CD process.

Challenges and possible orientations for actors wishing to support CD dynamics in VC and similar multi-actor settings:

- Donors should give CD support actors room to act independently of investment processes and strict programme planning.
- CD organisations should refrain from setting inflexible CD priorities and activities but learn to follow the energy and 'points of pain' of local actors.
- In sector analysis, actor mapping and analysis of relational dynamics with regard to key opportunities needs to be improved.
- CD support must be flexible and responsive, deliberately addressing and linking various levels and actors.
- Use and combine multiple sources of expertise and services, including hidden sources within the system.
- Encourage co-investment by VC actors themselves in capacity development.
- Determine one or a few lead support actors that facilitate learning and collaboration across support processes.
- Identify and invest in professionals that can provide the required 'facilitative' quality and combine that with specific sector expertise. There are important professional development perspectives and challenges in this sphere.
- The practice emerging from the three cases illustrates that scaling, quality improvement and phasing out strategies should be contextualised and piloted. SNV and other actors interested in CD for multi actor constellations will need to reflect on how their role can be gradually taken over, how they can leverage their own support, move to higher added-value roles and how they can leave a more sustainable CD service environment. This will also need to address the implications of current subsidised services versus future paid services, while recognising that (as these cases also show) the market often does not pay for addressing systemic challenges that have no short-term financial gains but are nevertheless essential for solving bottlenecks and achieving pro-poor results at scale in the medium term.

I. Introduction of the evaluation

1.1 Background of the evaluation

In early 2009, the Policy and Operations Department of the Dutch Ministry of Foreign Affairs (IOB) initiated a series of seven evaluations titled ‘Evaluation on the Dutch support of capacity development (CD); evidence based case studies’³. IOB carries out independent evaluations on policy and operations in all fields that fall under the Netherlands’ International Cooperation. The evaluation deepens knowledge and provides new insights that contribute to further policy development on CD of the Ministry, Dutch NGOs and their partners in developing countries. The evaluation aims to learn how and under what circumstances capacity has developed and how support for CD can be provided more effectively. The evaluation will identify the factors that explain the CD results, provided by the Dutch Development Partners (DDPs). The seven organisations (see below) participating in the evaluation initiative encompass a wide variety of CD interventions.

Open systems approach and Southern perspective

The evaluation has not defined the concept of capacity beforehand because of its latent, elusive and transient character. In the open-systems approach, the framework and indicators of each evaluation must be contextualised and related to the CD perspective of DDPs and Southern partners. Key to this methodological approach is to bottom up the evaluation design by calibrating the indicators and operational criteria in cooperation with local stakeholders.

The IOB has taken the five capabilities model developed by Baser and Morgan (2008) as the general analytical framework for this study. The five strongly interrelated core capabilities provide a basis to assess a particular situation at a given moment (see figure 1 below).

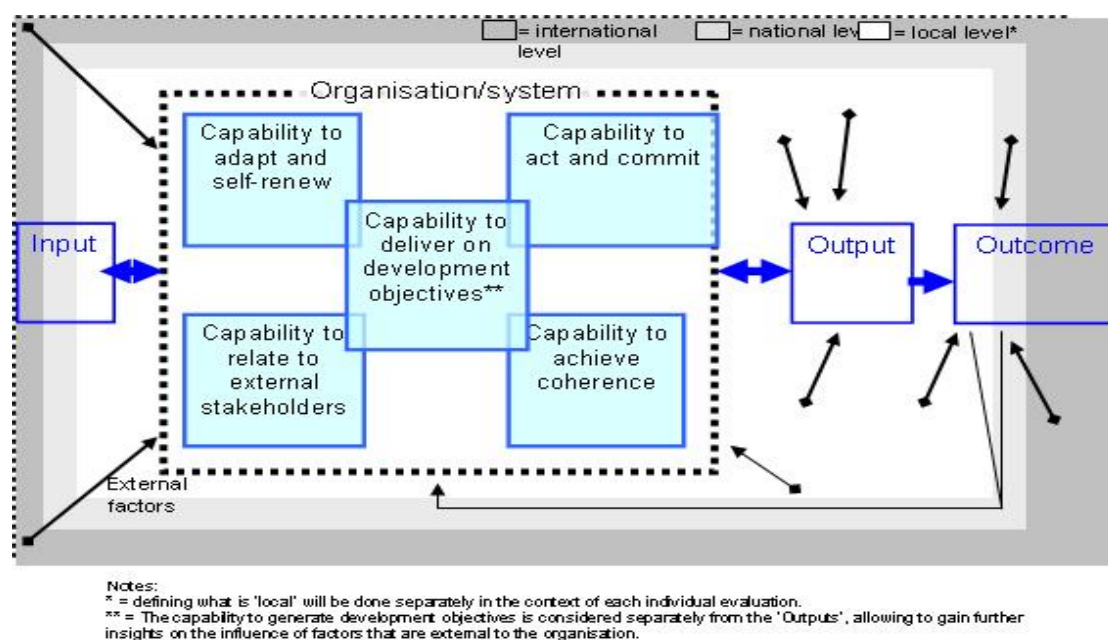


Figure 1: The five capabilities model (Baser and Morgan, 2008)

³ The overall Terms of References are available at <http://www.minbuza.nl/binaries/en-pdf/iob-evaluatie/rapporten/tor-evaluation-capacity-development.pdf>

The five capabilities and related skills or abilities can be characterised as follows, see table 1 (Adapted from Brinkerhoff, (2009, p 4), based on Morgan (2006) and Baser and Morgan (2008)).

Table 1: The five capabilities and related skills or abilities

Capability	Skill or ability
Act and commit (and self organise)	<ul style="list-style-type: none"> • Take responsibility for issues and views • Willingness to persevere • Take ownership • Be determined
Relate and establish supportive relationships	<ul style="list-style-type: none"> • Maintain effective collaborations • Earn credibility and legitimacy • Earn the trust of others • Mobilise resources
Adapt and self-renew	<ul style="list-style-type: none"> • Improve individual and organisational learning • Foster internal dialogue • Incorporate new ideas • Map out a growth path
Achieve coherence	<ul style="list-style-type: none"> • Manage diversity • Build connections • Manage paradox and tension • Relate the five capabilities
Deliver on development objectives	<ul style="list-style-type: none"> • Deliver services and products • Technical performance • Strategically plan and manage

For the present study, the evaluation team analysed the capability to relate both at internal (stronger connections within the VC) and external levels (VC relation with external actors).

1.2 Organisation of the overall evaluation

IOB initiated the evaluation of the Dutch support to CD and facilitates this evaluation initiative in cooperation with a wider network of partners:

- Seven organisations participated in the evaluation initiative (Ministry of Health Ghana and six Dutch NGOs, i.e. Agriterra; NCEIA; NiMD; Partos; PSO; SNV)
- External advisors (ECDPM; University of Utrecht; University of Tilburg; University of Rotterdam; Southern advisors)
- Facilitating organisations (methodology development, communication)
- Consultants based in the North
- Consultants based in the South

The respective missions of the seven participating organisations differ considerably from each other. However, they have one thing in common: all are committed to supporting CD. For each of these evaluations, a Reference Group (RF) and an evaluation team (lead evaluator and experts) was established. The team selected for the IOB-SNV study consisted of Northern and Southern members, with a background in CD theory and practices.

A final synthesis report of the Dutch support to CD will present the key findings and lessons learnt of all seven evaluations. Along with the individual evaluation reports, the final report aims to make an important contribution to the international CD debate.

1.3 Brief introduction of SNV

The core business of the Netherlands Development Organisation (SNV) is build the capacities of local actors, enabling them to pursue their development goals, and contribute to good governance and poverty reduction. SNV operates in 33 countries with 100 offices spread throughout Latin America, Europe (the Balkans), Africa and Asia, serving about 2.200 clients⁴. SNV supports capacity development in two major domains: Basic Services (BASE) and Production, Income and Employment (PIE). More background on SNV and its policy is provided in Chapter III.

1.4 Reasons for the evaluation

SNV's motivation to partake in the evaluation exercise was twofold – to encourage learning and to further CD policy innovation. Other motivators were:

- to contribute and participate in the CD debate;
- to learn from successes and failures of different CD approaches;
- to deepen insight in advances of SNV's CD approach;
- to improve the CD practice of SNV; and
- to contribute to further CD policy innovation.

1.5 Objectives, key issues and evaluation questions

As outlined in the General ToR for the “Evaluation of Dutch support to CD”, the study explores CD processes in order to generate knowledge and insights that can further policy development. Together with the other six studies; the present study seeks to shed light upon quality standards for meaningful CD support. The study has a strong focus on learning and concerns the period 2000 - 2009. The recommendations from the study are intended to help fine-tune the current SNV strategy.

The SNV-IOB CD evaluation is guided by the following key issues:

- (1) The unit of analysis in the SNV-IOB study is actor constellations in Value Chains, but SNV support to particular organisations within the VC is also included where relevant. Actor constellations are defined as a grouping of interrelated actors that are involved in - or linked to a specific area of work. For more background on Value Chains: ref. paragraph 1.6.
- (2) The evaluation specifically looked at what capacity actually means in operational terms, and how to gauge whether progress is being made.
- (3) Although the evaluation team believes that the adopted conceptual framework as outlined by Baser and Morgan has the potential to provide new insights; we were open to other perspectives emerging from the cases. This is illustrated by the kick-off workshops, during which perspectives on CD were shared and indicators were calibrated in operational criteria defined by VC stakeholders. These workshops were important as for each of the three cases they helped define the scope of the evaluation and created ownership.
- (4) SNV's focus on developing a learning culture required specific attention to feedback mechanisms and adapting CD strategy to partner organisations, including how

⁴ Annual report 2008

partners conceptualise change. The evaluation stimulated reflection within the participating actor constellations, in order to learn more about the changes in capacities that took place, the factors that contributed to these changes and the effectiveness of external support to CD.

- (5) The Theory of Change as applied by the evaluation team with regard to changes in the Value Chain (VC) conceptualises outputs in the VC as emergent capabilities, like improved internal communication between actors, coalition building between sets of actors, or joint identification of – and adherence to new quality standards. Outcome is conceptualised as the overall capacity⁵ by VC stakeholders to innovate, for instance by identifying and producing new marketable products and services, assuring that women also are included in new VC roles and responsibilities or up-scaling with inclusion of considerable numbers of small farmers.

Evaluation questions

In the general IOB ToR, four evaluation questions have been formulated for the evaluation:

- 1) What changes have taken place in the capacity of the VC and its member organisations?
 - How do the VC and member organisations show the five capabilities?
 - How have the capabilities changed during previous years?
 - What external factors⁶ are most significant to the VC and member organisations, how have these factors changed over time, and which of these external factors were particularly relevant to the capacity of the VC?
 - What internal factors⁷ are significant in the VC, how have these factors changed over time, and which of these internal factors were particularly relevant to the capacity of the VC?
 - Did the outputs achieved by the VC members have a significant effect on the capacity of the VC?
- 2) What effects have changes in the capacity of the VC had on the realisation of development objectives?
 - What is the output of the VC and how has it changed?
 - Which external factors have had an effect on (changes in) outputs?
 - Have outputs changed due to capacity changes?
 - Has outcome changed due to output changes?
 - What are the inputs provided by the member organisations and how have these changed over time?
 - Have changes in the five core capabilities (or other capabilities) improved the efficiency (output/input) of the VC?
- 3) How effective have SNV's interventions been in terms of strengthening the capacity of the VC and its member organisations?
 - What effects have SNV's interventions and input had on the (changes in the) five capabilities?
 - What are the conditions to sustain the present capacity level?
 - To what extent are SNV's interventions implemented professionally?

⁵ See also DAC 2006: The challenge of Capacity Development – Working towards Good Practice

⁶ In view of the open, fluid character of a VC/actor constellation, it is not always easy to make a distinction between external and internal factors

⁷ Same remark as footnote 6

- Do the members of the value chain consider the SNV intervention an added value (compared to other interventions)?
- 4) What factors explain the level of effectiveness of SNV's interventions? What lessons can be learned? What is the perception of stakeholders on SNV's support compared to the support provided by others? What is the perception of VC actors of the way how SNV works in partnership with other development organisations?

1.6 Methodology and conduct of the evaluation

SNV selected three cases that (a) are representative for SNV's CD policy in value chains, (b) have been supported over an extended period, (c) have an innovative character, and (d) are well documented. All three cases pertain to programmes where SNV contributed to the CD of an actor constellation in value chains. The selected cases are: (1) **Ethiopia**: honey value chain; (2); **Kenya**: livestock value chain and (3) **Uganda**: oilseeds value chain.

SNV chose PIE⁸ cases as these have about three to eight years of history, whereas most of the current BASE⁹ cases only had about 1.5 year of programme history at the time of selection. In addition, confining the evaluation to one area allows for a greater mass of comparison and learning, given the fact that only three cases could be included (see also chapter 3 'policy reconstruction').

CD analysis in value chain actor constellations

The unit of analysis are value chain networks or "actor constellations". Various definitions are used to describe a VC¹⁰. VC actors are those involved in producing, processing, trading or consuming a particular agricultural product. They include direct actors who are commercially involved in the chain (producers, traders, retailers, consumers) and indirect actors which provide financial or non-financial support services, such as bankers and credit agencies, business service providers, government, researchers and extension agents.

A supply chain is a set of linkages between actors where there are no binding formal or informal relationships, except when the goods, services and financial agreements are actually transacted. A VC is a specific type of supply chain in the sense that the actors actively seek to support each other so they can increase their efficiency and competitiveness. They invest time, effort and money, and build relationships with other actors to reach the common goals of satisfying consumer needs and increasing profit.

The value chain perspective entails more than physical flows of products and materials and transformation of raw material. A VC perspective emphasises the institutional set up of economic transactions and social relationships. A VC perspective also looks into interdependencies and how these are coordinated. It suggests concerted action and interrelationships constituting a common proposition in the end use market. In this sense, a VC perspective looks at the VC as a system; as a functioning whole assembling a variety of tasks, functions and activities for bringing a product to the end-use market¹¹.

⁸ SNV's 'Production, Income and Employment' impact area (see also chapter 3.1 of this report)

⁹ SNV's 'Basic Services' impact area (see also chapter 3.1 of this report). SNV has a long history in providing support for training and capability development in basic services. However, its current profile in this domain is relatively new, certainly in these three countries.

¹⁰ Peppelenbos (2006) Chain empowerment. Supporting African farmers to develop markets.

¹¹ Leveraging pro-poor development in Value Chains, Vellema & Popov, 2007

Preparation, facilitation and logistics

For each field case a specific Terms of Reference (ToR) was developed together with the respective SNV field staff and the representatives from the VC. In each case the evaluation team had two Dutch or South African members and one national consultant (total three per case). This team facilitated the process during the kick-off event. The team leader joined in the first and second case and methodological learning was passed from the first kick-off workshop (Ethiopia) to the next two. He also added additional support to the Ethiopian consultant, who was the first to start the survey phase, at the end of October 2009. SNV facilitated the preparation and logistics in the three kick-off workshops and the regional meeting in Naivasha. Each country also assigned a VC advisor as key resource person for the evaluation team (two persons in the case of Ethiopia).

The research process included the following methodologies and major steps (see annex 3 for more details):

Preparatory Stage (March-September 2009)

Formulation of inception report, policy reconstruction, selection cases and national consultants, further development of evaluation framework, preparation of fieldwork (with formulation of ToRs). This was mainly done through review of documents, interviews with representatives from SNV, dialogue with IOB and SNV, SNV RG and GRG meetings (ref. Inception Report).

Kick-off Workshops (September-October 2009)

All three cases started with a one week kick-off workshop, during which a briefing and debriefing was made with the respective SNV Country Offices. Visits were made to main VC actors and an orientation and methodology work shop with VC actors was organised (ref. three workshop reports and three methodological reports). Actor and factor mapping was done during the kick-off workshops (time line of critical events, visual overview of VC actors). Also the national consultant was assisted to prepare the survey.

Survey (October – December 2009)

The collection of data by the national consultants was done by interviewing stakeholders in the VC, including beneficiaries and SNV, processing data and triangulation through interviews with third parties and comparison with information from secondary sources. During the survey it was important that the national consultant joined events already scheduled by the VC partners like progress, review and planning meetings. This allowed him/her to be present during systems dynamics of the VC. It was also practical as in this way partners did not need to invest much time and the local consultant obtained valuable insights how the VC operates.

Concluding Workshop and finalising case reports (January- April 2010)

In Naivasha (Kenya), a three day concluding workshop was held in January 2010 to discuss main issues and lessons learned, provide feedback on the draft case study reports and analyse differences and commonalities between cases. Participants were VC representatives from all three VCs, SNV staff from the respective countries, ESA region and The Hague, IOB representation, as well as the evaluation team. The methodology focused on write shop technique to produce the stories of recent evolution of the value chains and related CD. Next drafts were reviewed by SNV and final case reports produced in April.

Producing Synthesis report (May- June 2010)

A first draft of the synthesis report was revised by the RG members early May 2010. The second draft was discussed with the SNV RG early June 2010 and a final report produced by mid June.

1.7 Focus and limitations

The focus of the SNV-IOB evaluation is as follows:

- The evaluation concentrated on the 'Production, Income and Employment' (PIE) impact area, because PIE provides more long term examples of CD, whereas Basic Services cases from the water, education or renewable energy sectors have a shorter time span (see also Inception Report, par. 2.4, p. 26).
- The evaluation concentrated on VC cases in East Africa and Ethiopia as these cases provide long term learning including advances in the CD approach of SNV throughout the years. In addition, the IOB evaluation prefers to learn especially from cases in Sub Sahara Africa.
- The five core capabilities, which have been identified by Baser and Morgan (2008), provide focus for the evaluation.
- Attention for the role of power, including gender relations and dimensions of power that may be less visible, even invisible or internalised in the form of embedded social or institutional norms and behaviours.

Regarding the limitations of this evaluation and the general IOB Terms of Reference the following can be said:

- (1) The involvement of Southern partners and local consultants was limited in developing the methodology. This implies that in the study process space had to be created for contributions from colleagues from Southern countries for the understanding, acceptance and internalisation of the conceptual framework of the study (see below next point) and issues of ownership.
- (2) The adopted conceptual framework for the evaluation has only recently been developed and published and was not (yet) common practice amongst the partners involved in the present study. The model has the potential to provide new insights that can contribute to CD policy development. The unfamiliarity with the model implied that ample attention had to be given to the understanding and acceptance of the model during the kick-off workshops.
- (3) SNV's strategic plan covers the period 2007-2015 and the new policy and strategy need time to be implemented effectively. An assessment of SNV's policy is not the main objective and focus of this evaluation. However, the evaluation is aware of the new strategy and takes it into account while assessing the cases as the selected cases represent the current SNV strategy.
- (4) The challenge to be context and VC specific and yet generate lessons for a wider audience is partly addressed through the evaluation framework of the general ToR. However, other challenges remain like the application of a new CD frame work (5 Capabilities model) and the assessment of collaborative associations in value chains. The evaluation team underscores its interest and willingness to share findings with colleagues from the six other parallel evaluations and apply insights emerging from the different evaluations in the process of the current evaluation.
- (5) SNV is only one actor that influences changes in the capacity of value chains. Various other actors and factors play a role. The evaluation seeks to identify which other actors and factors influenced capacities and in which way.

- (6) The purpose of this evaluation was not to do an economic analysis and therefore the economic dimensions of the VCs are not dealt with in the reports.
- (7) Lastly, this evaluation is not a programme evaluation of capacity support at large provided by SNV. Due to budget and time restraints a selection of three cases in one region (East Africa) and one impact area (PIE) was made.

1.8 Organisation of the SNV-IOB evaluation

A reference group (RG) was formed for the SNV-IOB study. The following persons take part in this reference group:

- Ton Dietz, professor at the University of Amsterdam, Director of the African Studies Centre, Chair of the RG
- Isaac Bekalo, Regional Director IIRR Nairobi
- Thomas Theisohn, independent consultant
- Jan Willem Nibbering, senior policy officer, Dutch Ministry of Foreign Affairs
- Eric Kamphuis, senior consultant ETC and core consultant of the IOB evaluation on Capacity Development.
- Jan Ubels, senior advisor Capacity Development, SNV Netherlands Development Organisation
- Julia Ekong, SNV senior regional advisor East and Southern Africa

The RG met twice to assess the inception report (in the period June - August 2009) and twice through teleconferences to assess progress of the survey (October 2009) and to discuss the second draft synthesis report (June 2010). Written comments from the RG members were provided after the first draft.

The evaluation team was selected by SNV following a tender procedure. The selected evaluation team has the following members:

- Sorsa Debela Gelaleha, consultant Ethiopia, and responsible for the case study on the Ethiopian honey value chain
- Tonderayi Brian Makumire, consultant Kenya, and responsible for the case study on the livestock value chain in Kenya
- Dorothy Nakimbugwe, consultant Uganda, and responsible for the case study on the oilseeds value chain in Uganda
- James Taylor, Director Community Development Resource Association (CDRA), South Africa (co-evaluator, and assistant to the Kenya VC case study)
- Zaina Maimu, senior consultant multistakeholder processes, value chains & gender. Wageningen Centre for Development Innovation, The Netherlands (co-evaluator)
- Wouterleen Hijweege, Deputy Programme Director for the Wageningen Centre for Development Innovation, The Netherlands (co-evaluator)
- Hans Nijhoff, senior economist Wageningen Centre for Development Innovation, The Netherlands (co-evaluator)
- Jan Brouwers, Context, international cooperation, The Netherlands (lead evaluator)

1.9 Outline of the report

This report follows the outline formulated by the IOB for all seven synthesis reports. After the first Chapter, which provided an introduction of the study, Chapter II provides summaries of the findings from the three cases, combined with analysis and conclusions. Chapter III presents the CD policy reconstruction of SNV, including SNV's core products and processes. In Chapter IV a comparison is made between the case results (Chapter II) and SNV's policy (Chapter III) followed by conclusions and lessons learnt.

II. The case studies

This chapter presents the results from the three cases studies¹². The case studies describe how the value chains evolved over time due to internal and external influences. This chapter summarises the cases; starting with a description of the three VCs, followed by a presentation of the results (question 2 ToR IOB CD evaluation). An overview of the changes in capabilities is provided (Question 1 ToR), followed by the role and effectiveness of SNV in strengthening the capacity of the VC (Question 3 ToR). The conclusions and lessons learnt wrap up the analysis (Question 4 ToR). Descriptions of VC actors in the cases are provided in annex 4-5-6. Summaries of the CD processes with an overview of clients, roles and services provided by SNV and LCBs, crucial internal and external factors and critical breakthroughs are presented in annex 8-9-10. These overviews give a good insight in the cases.

After the three case summaries, the chapter ends with two elements. First, an analysis of how capacity was developed in the value chains, the support provided by SNV and lessons that can be formulated from the effectiveness. Secondly, conclusions are provided in relation to the four evaluation questions of the general IOB ToR. For more detailed information on the cases, the reader is referred to the three case reports.

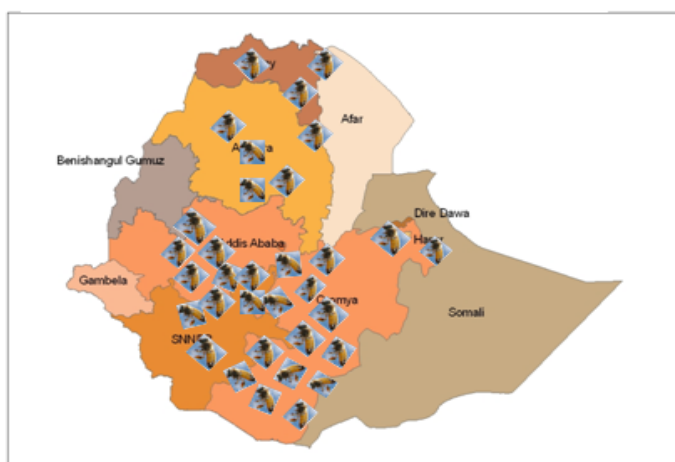
2.1 Case I: Honey Value Chain Ethiopia

Description of the Ethiopian honey VC

Beekeeping in Ethiopia is a traditional off-farm activity for an estimated 1.7 million rural households¹³. Ethiopia is the world's 10th biggest honey producer and the 4th largest beeswax producer¹⁴. In terms of bee colonies, the country is considered to be the biggest in Africa with 5 million beehives owned by private small beekeepers. An estimated 4.7 million of these hives are traditional¹⁵. Every year, Ethiopia produces about 40,000 tones of honey (season 2008/09), which is largely consumed in-country. As the sector was long managed in a traditional way; productivity of the hives was low in comparison to the potential that could

be achieved with modern and proper management. There was no significant effort made to improve the situation and help the VC development until 2005.

Honey and beeswax production areas in Ethiopia related to SNV clients



Map 1: Ethiopia. The Ethiopian honey VC is related to producers in all parts of the country.

¹² Nakimbugwe (2010); Makumire (2010); Debela (2010): see Annex 2

¹³ SNV context review, 2008

¹⁴ SNV Working Team Report, 2005

¹⁵ Ethiopian Central Statistical Authority (CSA) Agricultural Sample Survey Report for 2008/09

In 2005, SNV started bringing actors together in Coordination Group (CG) meetings. The CG is a Multi-Stakeholder Platform (MSP), which unites key players in the honey value chain (producers, business organisations, researchers, capacity builders, policy makers and donor agencies). The platform allowed the actors to share their views, visions, information and knowledge about the VC. Annex 4 provides a map of the VC actors based on their functions, including those involved in support (like research, finance, legislation; situation by 2009). The honey VC developed a Strategic Intervention Plan (SIP) through its CG, with intervention areas and a selected “chain governor”. SNV assisted this process, which entailed various CD services, including joint analyses by VC actors, involving LCBs and strengthening individual VC actors. The CG regularly meets and discusses issues related to the honey sector in general and VC development (VCD) in particular. This has helped enhance the understanding and actions taken by policy makers, the private sector, as well as the beekeepers and their cooperatives.

VC actors identified constraints of the VC, analysed policy issues and identified strategies to address problems jointly. By creating the multi stakeholder platform, SNV linked different actors for joint activities and mutual benefits, simultaneously strengthening connectivity within the VC. From the start, SNV involved LCBs as facilitators and appointed technical auditors¹⁶. Opportunities to further strengthen the VC were embraced, for instance, exposure to the international honey market at international honey exhibitions. The VC’s goal is to increase production and quality, and process high quality honey and beeswax. Ultimately, the VC contributions should develop the Ethiopian honey sector so it becomes globally competitive and renowned for its quality.

In Annex 8 an overview is given of the CD process over the period 2004-2010, with clients, SNV and LCB roles and CD services, critical internal and external VC factors and breakthrough moments. In 2004, for example, SNV started the process by commissioning 29 VC studies, identifying critical stakeholders for the first workshop and moderating the start-up workshop. LCBs produced the 29 technical and institutional studies and joined the moderation of the workshop. A critical internal factor was the willingness and motivation of potential VC actors to make a difference. This resulted in a critical breakthrough that the VC identification process was established based on consensus by critical stakeholders. Other critical breakthroughs that took place afterwards included the idea to acquire EU 3rd country listing and the decision to start exporting honey based on consensus amongst stakeholders (2005), the first out growers training (2006), residue monitoring plan submitted (2007), EU 3rd country listing and residue monitoring plan approved with the first exports to Europe and Yemen (2008) and the Ethiopian apiculture board taking over the coordination of group meetings from SNV, combined with the strengthened relationships between out growers and processors with embedded services (2009). The year 2009 also saw the VC reach a critical mass of beekeepers and their increase in income was documented. The reader is advised to consult annex 8 as it provides a coherent overview of the CD process.

Analysis of Power

The most important action to empower small producers was the creation of the multi-stakeholders forum at national level where all the public, private and CSOs meet and discuss on common concerns of the VC. This made the government aware of the public needs raised on the one hand and the formally excluded groups got the chance to express their needs on

¹⁶ Technical auditors are providing technical services related to added value processes like honey processing and process issues like quality standards and certification.

the other¹⁷. The establishment of the VC has helped creation and strengthening of different institutions among which the Ethiopian Apiculture Board (EAB). The EAB is expected to facilitate public-private dialogue through which missing policies and regulations will be initiated. Associations such as EBA and EHBPEA were created and strengthened to collect the voice of all the VC stakeholders so that they can be better heard by the policy makers. As a result, the small bee producers, who used to be voiceless for long time and weak in bargaining for better price of their products, have increased their power in terms of bargaining position, access to information and access to micro-finance and CD services.

Gender analysis

Women were traditionally excluded from production and handling of honey for two reasons. The first reason was that in rural communities of Ethiopia honey was considered as a specially valued product that only men can handle. The other reason was the traditional beekeeping practice itself, as it is not easy for women to hang the beehives on the top of large trees. The introduction of new type of beehives was done to increase productivity and production. While the VC actors were introducing transitional and modern beehives SNV observed that women started to become more engaged. This opportunity based on field experience was noted and discussed in the CG, which consequently started to promote it. The possibility to include women in the VC through modernisation of the beekeeping practice has been well shared among the VC stakeholders. Women became involved in the honey business as it was brought to the homestead: new beehives can be positioned at the backyard of homes. At the same time this has relieved men from the harsh work of beekeeping in the forest, which resulted in frequent accidents in the past. A systemic gender opportunity was identified and grasped. Still, it has to be researched what the long term gender effects will be.

Summary of development results

The Ethiopian honey value chain increased honey production by 61% in the past four years - from about 24,600 tons in 2004/05 to 39,660 tons in 2008/09¹⁸. This volume increase was accompanied with a price increase from ETB 4-5. to ETB 18-20 per kg over the same period (end 2009 1 € = 18 ETB; inflation was 17,7 % average between 2004 – 2009, which reduced the value of the ETB by about half in that period). The introduction of transitional beehives¹⁹ remarkably increased the productivity of the producers from 5-6 kg/hive/harvest to 18-20 kg/hive/harvest. Actors in the VC, supported by the SNV programme, reached 27,000 beehive producers. In 2008, Ethiopia started to export table honey to the European market. Export to the Middle East is also on the rise.

Changes in capabilities

In 2004, the *capability to act and commit* was at a low level. It is now much stronger. Leadership has improved, initiatives are regularly taken indicating clear ownership, and win-win possibilities identified by VC actors (see p. 36-38 and Annex 6 Ethiopia case report for more examples). The vision of the VC and its leadership is now shared by all the stakeholders through the CG of the MSP. The stakeholders of the CG have taken steps to formally institutionalise the CG activities. The Ethiopian Apiculture Board is expected to take over coordination of the MSP platform. This should increase the collaboration, joint commitment and efficiency of the VC processes. From the study, the evaluation team concluded that VC actors evolved due to their growing capabilities to relate and to deliver

¹⁷ Ref example of the Menja community in Bench Maji zone, who used to be excluded by the other communities from equal participation in the value chain (Ethiopia case report)

¹⁸ SNV Ethiopia value chain identification report 2004 and Central Statistics Agency report 2009

¹⁹ See case report for more details

(strongly supported by SNV, see par. 4.2 p. 25 Ethiopia case); combined with favorable external factors like market opportunities.

The VC's *capability to relate* both internally and with external actors has clearly been enhanced. The case report (p. 38-39) gives evidence of transparency in leadership, the establishment of out-growers schemes (contracted producers), and increased capabilities to network, relate with donors and financial agencies, and to influence policy makers. SNV played a critical role in facilitating processes between (potential) actors and brokering relationship to (re-) establish connections in the VC. At sector level, VC actors got to know each other and worked towards a common view. Strong partnerships were built between Business-to-Business (B2B) value chains. SNV assisted VC actors in developing internal systems, producing common strategic plans and a common approach vis-à-vis external actors (related to *capability to achieve coherence*, see below).

The *capability to adapt and self-renew* has been strengthened over the last 5 years. Learning has been structured into institutional processes, which were designed by the VC actors and SNV. The case report (p. 39-40) illustrates an increase in capabilities to think strategically, adopt new technologies, formulate a long-term vision, and collect and analyse data. The VC actors are now well aware of the important changes and opportunities in the future of the honey VC. They consolidated their efforts and are committed to invest in new technologies and innovation, which will improve honey quality and productivity and in turn improve sales and income of VC actors at all levels.

Likewise, the *capability to achieve coherence* has considerably improved. VC actors established a common vision on sector development, operational framework and strategy with a timeframe (p. 41-42 case report). Conditions needed to achieve the goals were put into place. The understanding among stakeholders, between managers and their operational staff at individual business level is coherent in most of the business companies. Achievement of coherence in the VC has helped balance expected costs and benefits.

The evaluation proved that the VC's *capability to deliver on development goals* has significantly improved. POs with around 27.000 farmers are more structurally included in VC management (e.g. case report p. 23-25). Farmers are also earning more income (see above, summary of development results). Women, who used to be excluded from the honey business, have entered the chain which illustrates gender changes (p. 22-23 case report). This fortified *capability to deliver* is largely due to planning, strategising and as a result of other capabilities being strengthened (see examples annex 6 Ethiopia case report). The strength of the *capability to deliver* seems to have emerged especially as a result of other capabilities being strengthened combined with technical CD.

Role and effectiveness of SNV

The Support to Business Organisations and their Access to Markets (BOAM) programme in Ethiopia began operations in September 2005. By developing value chains in the agro business, the programme aims to sustain economic growth and reduce rural poverty in Ethiopia. The 5-year 6 million Euro programme is financed by the Netherlands Embassy and the Embassy of Ireland and implemented by SNV. Honey is one of the six commodities for which BOAM has started VC development. The specific objectives of the BOAM programme are 1) to contribute and support public and private sector actors to render agricultural value chains more efficient and effective, and 2) to improve the efficiency and effectiveness of farmers' organisations in agricultural marketing.

SNV's role is to provide long term support, facilitate the change process and connect peoples' capacities. SNV follows a systemic approach whereby advisors combine technical

and facilitation expertise. SNV develops the honey sector by focusing on B2B, involving associations, organisations and individuals in a complex actor (client) constellation. In the VC, SNV follows a ‘pull’ approach focused on downstream²⁰ processors, relating them with upstream farmer organisations. SNV supports the entire VC by providing technical and financial support to selected business organisations, producers’ organisations, institutions and local capacity builders. Support is provided through four intervention areas: (1) sector or institutional development; (2) business development; (3) service capacity development; and (4) knowledge development and learning.

SNV has a trademark approach on governance for empowerment, which helps maintain focus on pro-poor VC development (see annex 7). By embedding services (out-grower schemes and other contractual or non-contractual fixed relationships), SNV includes small scale farmers in the VC (equity and inclusiveness). In the CG meetings, all stakeholder representatives are given the opportunity to express their opinion (voice and participation). Sector associations are increasing their membership and the EAB is setting up regional branch offices to better understand the interests of the producers. In the out-grower schemes, contracts are being made to regulate the relationship (rule of law). SNV contributes to the formation of both competitive and governed VCs, in which empowered operators (producers, processors, traders) share information and interests, negotiate fair prices, sign sales agreements, control quality, discuss with government authorities and enter into new endeavours.

The Strategic Intervention Plan was developed and is being implemented by VC actors. In the first stage, SNV assisted seven processor businesses to increase their performance and linkages with producers. SNV provided leadership skills and coaching to chain governors to further strengthen the VC. Research institutes undertook studies to identify and support improvements for the sector. An important research contribution was the development of transitional beehives (p. 22 case report Ethiopia), which increased beehive production. Public agencies helped create access to markets for upstream actors. Producer Organisations (PO) (with a total of 27.000 producers) were assisted to enhance production, productivity and quality of honey. PO’s also started to include social groups that were formerly excluded, like the Menja community in the Bench Maji zone of SNNPR of Ethiopia (Southern region).

VC actors who were interviewed and asked for their appreciation of SNV’s contribution while comparing it to similar type of VCD support rated SNV’s support in majority as “very effective” (p.49 case report Ethiopia). The effectiveness is analysed in the case report against a number of criteria (p. 45-49 case report Ethiopia). The criteria include the choice of clients and partners, choice of LCBs, the relevance of SNV’s role, the role played by other capacity builders, the (non)availability of financial resources, and the overall strengths and weaknesses of SNV’s support to CD.

Conclusions and lessons learnt Ethiopia honey VC

The Ethiopian honey VC achieved major quantitative and qualitative results in a short period of four years. Benefits trickled down to individual beekeepers, including women, and VC organisations. Social capital was built amongst VC actors, resulting in a strong VC, with a far-reaching external network.

The following elements explain the success factors:

²⁰ Producers are situated “upstream” in a VC, whereas processors and exporters are situated “downstream” the VC.

- SNV applied a systemic approach which addressed constraints and opportunities in a flexible way and at different levels in the VC.
- Market opportunities buttressed productivity and quality improvements, resulting in real income improvements for small farmers.
- A balanced approach of both sector and business assured that sector development provided opportunities for businesses development. In this way the private sector became an engine for growth with the public sector, creating an enabling environment through services like micro finance and revision of export regulations to be able to enter foreign markets.
- Involving leadership and critical mass of VC actors was important to create ownership for intervention priorities. Leading figures in the sector became role models and showed the capacity to look beyond their own business. Supporting these leaders brought the required internal change in the sector.
- The combination of capacity strengthening, funds for grants and investment capital ensured that sector interventions were supported and Business to Business innovation can be tested and replicated.
- Quick wins with short-term interventions by private sector combined with longer term interventions stimulates an active involvement of stakeholders in the VC. Not all actors and stakeholder immediately see the need of longer term CD processes in a sector. Commitment and motivation will reduce, if only long term processes are started.

SNV recognised that to facilitate complex systems like VCs, a demanding approach is required. The evaluators remarked upon SNV's innovation, flexibility, risk taking, openness to emergent opportunities and readiness to learn from past mistakes. SNV has committed itself to articulating, documenting and improving its practice. The VCD support programme demonstrates SNV's experimental learning on how the VCD concept can be applied and practice is feeding into re-conceptualising VCD. The study found much evidence of SNV's commitment to ongoing learning from practice at the local level and how this contributes to pushing the boundaries of established practice.

In the VC development process, all five capabilities are needed at each stage of development. Each capability is related and they contribute to each other's strength to help the VC perform. The relationship between capabilities is important as they complement each other to help the overall capacity and performance of the VC. In addition, the capabilities of the VC and its actors are not enhanced by only one actor. SNV built existing capabilities among VC actors enabling them to achieve progress, both individually and as a VC.

Some major challenges for the future include:

- the lack of reliable market outlets might cause price fluctuations and risks for small farmers when productivity increases.
- The dominant role of SNV in facilitating the VC learning process. Starting from agenda setting to facilitating discussions and decision making during CG meetings, SNV, through its advisors and related LCBs, plays a significant role. To sustain the process and the experience, EAB is planning to take over this role from SNV. A point of doubt is whether the same effect will continue in absence of SNV, as this will require a strong leadership role by the EAB, which it did not take so far.
- Ensuring that the improved capacity of the VC continues to serve the interests of the poor. The tendency to use competitive advantage to advance self interest is a particular challenge. The programme now covers the whole country and poorer farmers became intertwined with other VC actors. They benefit from increased income, but it is too early to assess systemic changes in the poverty situation. This is

probably also not realistic at this stage of the VC development, but maintaining a systemic pro-poor focus will be important (see also annex 7).

- SNV's approach of working with complex open systems is innovative, still to an extent experimental, and in many ways at odds with current orthodoxies. Continued commitment from within the organisation and by those who support its work will be required. SNV is likely to fail in some of what it will attempt. Yet, the lessons learnt will allow the organisation to remain on the cutting edge of practice. To maximise the value of its contribution, SNV should be encouraged to risk and not be held to maintaining the levels of success it has achieved so far.
- The VCD work of SNV shows a strategic handling of context elements like enabling environment, competitiveness of the VC at national and international level, and political and power issues. This strategic competence of dealing with the context could be better articulated and documented by SNV.

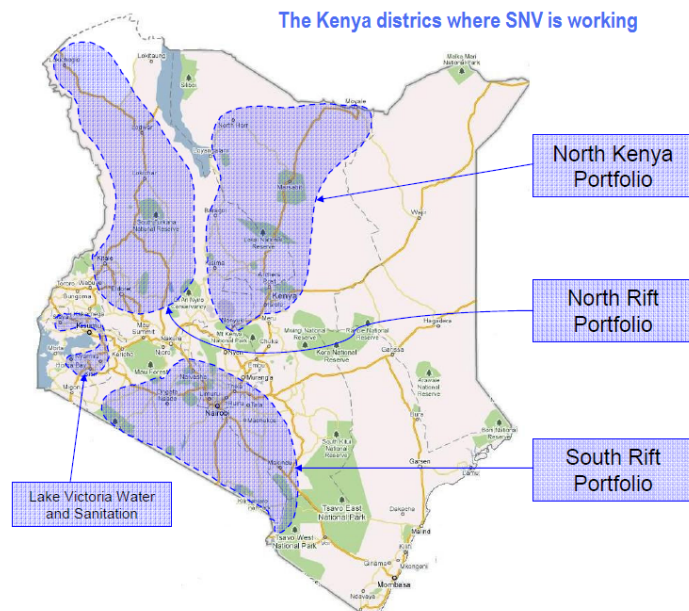
2.2 Case II: Livestock Value Chain Kenya

Description of the Lolkuniani livestock market

The Lolkuniani livestock market is found in Wamba division of Samburu East District (ref map 2). It is located about 450 Kms North-West from the capital city Nairobi and 150 Kms from Isiolo which is the nearest urban centre. Eighteen of the 20 poorest constituencies in Kenya, where 74% - 97% of people live below the poverty line, are in Northern Kenya. It is estimated that 75% of the population of Samburu live below the poverty line²¹. One indication of the level of vulnerability in the North is the pattern of credit use. Only 5% of households in Samburu District seek credit, against a national average of 31%. Nearly 65% of those borrow for subsistence rather than investment, against a national average of 37%²².

Map 2: Kenya. Samburu District is situated in the North-Western part of Kenya, a very remote area.

There are several places designated as livestock market places within the pastoralist districts, where very good infrastructure has been constructed by councils, development partners and even government programmes. However, hardly any livestock are sold inside these market places because producers would rather sell elsewhere, such as along roads to the market, or near homesteads to buyers who go to villages. In this way, they avoid cess (tax), but as sales are one-on-one, buyer to seller, producers get poor prices. In a market like Lolkuniani to which livestock producers and their communities feel associated, more producers participate.



Lolkuniani market is the lowest transaction place of the livestock VC that has been receiving CD support from SNV. At the national level, the VC ends at the Kenya Meat Commission

²¹ Government of Kenya, 2008: 'Constituency Report on Well-Being in Kenya

²² Kenya Integrated Household Budget Survey, 2005-06

(KMC), which is (officially) the main market outlet for the smallholder pastoralist livestock producers. Pastoralist producers in Samburu District bring their livestock to Lolkuniani Market every Thursday of the week. They are linked to terminal markets through a myriad of traders who come to buy their livestock and transport it elsewhere, including Nairobi.

Samburu County Council (SCC), acting as the local representative of the parent Ministry of Local Government has jurisdiction over all markets in the District, including legislation with regard to animal movement and general security. The Kenya Livestock Marketing Association (KLMC) is a key chain actor whose mission is to lobby and advocate for a level playing field for livestock marketing related issues at a national level. KLMC is represented at a local level in the pastoralist counties by the District Livestock Marketing Associations (DLMA) and the Local Marketing Associations (LMAs). The DLMAs work closely with the county councils (in the case of Lolkuniani this is Samburu County Council) lobbying at a local level for by-laws that ensure pastoralist producers and their communities enjoy maximum benefits from the VC. The LMAs are community based and play an important role in revenue collection on behalf of both the county council and their communities (revenue sharing model). The LMAs act as the link between the producer groups and the wider chain, facilitating learning, exchange of key information and experiences.

Samburu Integrated Development Programme (SIDEP) is a Community Based Organisation (CBO) that actively works to promote the interests of the producer groups, including providing CD to improve their breeds and address issues affecting input side of the VC, for example drought cycle management.

The livestock VC actor constellation map is shown in Annex 6. SNV (in yellow) is not a part of the core VC actors. Key VC actors and stakeholders are presented in red. It is to be noted that the actors themselves do not speak about a system. They use the term “market” to indicate the value chain.

SNV has a long history of working in this area through the PADEP and SARDEP programmes. The Pastoralist Development Programme (PADEP, 1998–2002) worked to reduce poverty among the pastoralist population in specific pastoralist districts of Kenya. It aimed to achieve this by strengthening participatory local governance structures, enabling them to design and implement sustainable development initiatives based on principles of equity. SNV Kenya and its partner Cordaid concentrated on CD of intermediate level organisations because they were seen to have the greatest potential for strengthening governance and poverty alleviation.

The Semi Arid Rural Development Programme (SARDEP) was a three-year (1999–2002) rural development programme that targeted mainly the rural poor in predominantly pastoralist and agro-pastoralist districts. SARDEP worked to reduce poverty while conserving the natural resource base, and to enhance overall gender equality. Natural Resource Management was the entry point through which the programme promoted local development.

Out of these two programmes a local capacity developing NGO has developed: Samburu Integrated Development Programme (SIDEP). SIDEP has a long-standing relationship with SNV and has build up a trust relation with CBOs in the District.

In Annex 9 an overview is given of the CD process over the period 2006-2009, with clients, SNV and LCB roles and CD services, critical internal and external VC factors and breakthrough moments. In 2006, for example, SNV carried out a livestock value chain Study and prioritised issues through an Multi-stakeholder process. LCBs developed and

strengthened the marketing capacity of the District Livestock Marketing Associations. A critical internal factor at that time was the absence of an appropriate producer organisation within the Value chain. As a result that year saw a critical breakthrough: the establishment of the Kenya Livestock Marketing Council (KLMC) as a National umbrella organisation for all the grassroots livestock producers groups and traders. Afterwards other critical breakthroughs followed: the livestock producers earning access to new markets, linkages with MFI, stabilisation of livestock prices (2007), the formal adoption of the co-management model in seven markets in Samburu District with price increase in some markets by 20% to the benefit of producers (2008) and the formulation of new supportive by-laws, increased investments and engagement of the government (2009). The reader is advised to consult annex 9 as it provides a coherent overview of the CD process.

Gender changes

The vibrancy of the market, including increasing numbers of traders engaging with the market, has attracted women to participate more in economic activities. There are now (2009) over 100 fully women-owned enterprises at Lolkuniani market engaging in various income generating activities ranging from livestock trading, food kiosks, hides and skins as well as animal drugs. These women entrepreneurs have also been able to open savings and credit accounts with micro-finance institutions thanks to their positive results in the market. The growing participation of women in the mainstream livestock trade as well as in other income generating activities (including the opening of bank accounts in their own names) is quite remarkable for the Samburu community. Culturally women have been discriminated for a very long time.

Box 1: Testimony Molio Letaapo, member livestock marketing association.

“We took the initiative of starting up the market after engaging the community elders in site location and we all agreed to take part in its formative stages through clearing of bushes, fencing of pens and water provision. We also selected the market day as Thursday every week and through the help of SIDEP we advertised the market far and wide and though the influx of traders was low, we knew we made the right choice and decision. It picked up slowly but eventually gathered momentum. We continued with this trade, while repaying the loans and our business grew. I can now afford new clothes, take my children to school, access better medical services as well as save for my future. This market does not only benefit traders but also the resident community of Lolkuniani who with the help of SIDEP and Samburu County Council came up with the idea of a community managed market and formed Livestock Marketing Associations (LMA). Members of LMAs were trained on management and revenue collection, which eventually would be shared equally between the community and the county council. Our LMA meets at the end of the day and decides how to use the cess () revenue, which in a typical market day would range between eight - to ten thousand Kenyan shillings (**). We managed to save around fifty thousand shillings (***) and offer lunch on market days to our cess collectors and the security personnel we bring from Wamba to provide security for traders. Last year we were able to pay fees to two university students from our area, to the tune of fifty thousand shillings and also clear medical bills for one community member who accumulated a huge hospital bill after undergoing an operation.” (* cess = tax; ** about 82 to 102 €; *** about 512 €)*

Summary of development results Kenya

The study tells a remarkable story of how the weekly Lolkuniani livestock market came into being in a remote part of the country. The market has impacted substantially and positively on the lives of the people of the area. Box 1 provides an example of such a story (see also Chapter IV case report Kenya for more testimonies).

Through the market, primary producers now link directly into the livestock VC in Kenya and the opportunities and services it provides. By strengthening local organisations and associations, livestock producers are becoming active participants in relationships that connect them to a much larger system from which they were previously marginalised or excluded. It is essentially a story of social process, of relationships within and between organisations that have resulted in a more capacitated and effective system that impacts positively on the lives and livelihoods of primary producers.

SNV Kenya played a pivotal role in the establishment of the weekly market. They ensured that the market would meet the needs of buyers and traders, and would be owned and controlled by the community in partnership with local authorities. On every market day, at least € 90,000 changes hands (almost 9 million Ksh, exchange rate end 2009). On Thursday every week, a previously unused piece of land becomes a thriving centre of trade when the livestock market is surrounded by small businesses owned and operated by local men and women selling a vast range of goods and services. It is reported that over 1,000 businesses are now in operation.

Income earned in the market and via other related activities have economically empowered the local population to be able to purchase and own assets. Their livelihoods are now more secure and their vulnerability to environmental shocks and stresses has been reduced. Incomes for the 22 producer groups have risen by 40%. Livestock owners no longer need to walk 3 to 4 days to reach markets. Public bursaries resourced from the share of market-tax and managed by local communities have become available for children to go to school.

Micro-finance institutions have taken advantage of the new business opportunities and now engage directly with the local communities, something that was previously unthinkable. Each of these group members now have active accounts with micro-finance institutions, where they also own joint accounts as a group. Over the last two years, K-Rep (Kenyan micro finance bank) has given out loans amounting to Ksh 18 million (about 184.000 €) with an average of 800,000 Ksh (8.200 €) per group. Of this amount Ksh 13 million (133.000 €) has since been repaid and members continue to service their loans.

The benefits have been achieved through changes in relationships between people, allowing the local level to participate in inter-organisational dynamics right up to the national level. Some organisational relationships that have contributed to the success include: local producer groups; a local community based organisation (CBO) that has transformed into an NGO providing local CD services; collaboration, co-ownership and revenue collection and sharing with the local County Council; from local to national livestock marketing councils; terminal markets and finally the National Ministry of Livestock. It is by working at the interfaces between the various stakeholders in these relationships that the capacity of the system has been developed. Perhaps the most significant result and impact of the capacity that has been developed is the fact that Lolkuniani Market is being used as a model to start similar markets in seven other Districts: West Pokot, Isiolo, Marsabit, Moyale, Narok, Wajir and Baringo.

Changes in capabilities

The case study revealed that the 5 capabilities model is effective in focusing on areas of organisational functioning that are critical to the capacity development of VCs. It allowed to make the following analyses of SNV's contribution to CD in the livestock VC:

First, it is important to note that the success of SNV's contribution to CD of this VC has drawn substantially on previous work done through the PADEP and SADEP programmes (see above). The local capacity developing NGO (SIDEPE), that has played such a major role, has grown out of long-standing relationships and previous work with CBOs in the area. Relationships of trust and knowledge from years of work in the country and region are the crux of the present success.

The capability of the actors *to relate* both internally in the VC as well as with external actors has seen a considerable increase in strength (p. 37 case report Kenya). The VC is networking and engaging with key stakeholders like the MFIs and the Government. Internally, the connection became much stronger between the Samburu County Council and the Livestock Marketing Associations. There is also a large increase in the number of producer groups accessing loans, opening savings accounts and diversifying their business portfolios. The VC is able to attract more traders and buyers from Nairobi. VC linkages have existed between Samburu and Nairobi since colonial times, with ups and downs afterwards. These linkages have been revitalised.

With regard to the *capability to commit and act*, before, the VC actors could not fulfill their optimum potential. Due to other strengthened capabilities, especially the *capability to relate* and the *capability to achieve coherence*, the VC actors are now more capable of committing and acting. (p. 37-38 case report Kenya).

The *capability to achieve coherence* has also improved. There is better coherence among the VC actors due to stronger connections, especially between the SCC and the livestock market associations. There is more recognition of the VC nationally and increased participation of pastoralist communities in national processes. The VC as a system is more structured with clear standards for the market operation which are observed by all (p. 38-39 case report Kenya).

It can be concluded that the VC has significantly improved its *capability to adapt and self renew*. In view of the early stage of the VC it is not possible to make a statement if this capability is robust enough.

Also the *capability to deliver on development* has been fortified. This has been achieved by direct CD support from SNV and associated LCBs (increasing capabilities of LMA to have access to market information and use saving and credit facilities), combined with stronger *capabilities to achieve coherence and to relate*. Evidence can be found in the fact that SIDEPE and KLMC, who are critical actors within this case, have been able to get more resources from different donors to support the livestock VC development (p.42 case report Kenya). They have secured resources to support access to market information and to support access to animal health services. The Ministry of local government through the Director of Markets has embraced the developments and has set up a Livestock desk at the Ministry which did not exist before; and also produced a Paper (supported by SNV) for the 2010-2011 Government budget that would see the model adopted and funded by the Government economic stimulus package.

Role of SNV and its effectiveness

SNV Kenya has provided three main types of services during the period evaluated:

- 1) To client collectives, facilitating conversation, issue identification, action planning, and review of results. Clients have been the National and District branches of the Kenya Livestock Marketing Cooperative (KLMC and DLMC), and with other actors present, including SIDEP, Livestock Marketing Associations, and the Samburu Traders Savings and Credit Cooperative;
- 2) Directly to specific clients, to assist them in taking actions identified, and in recording results. Here, SNV provided CD services to address specific organisational issues that were hindering them to move forward. Clients have been SIDEP, local livestock marketing associations and the Samburu County Council, as well as KLMC and DLMC; and
- 3) Facilitating connections between service providers (including MFI's), traders and producers. This work was done through platforms as at (1) above.

VC actors rated the interventions of SNV as very effective compared to similar interventions (p. 42-45 case report Kenya). Given the fact that the livestock VC is still very young, there have been phenomenal achievements. According to the VC actors, these achievements are to a large part the result of the catalytic role and effectiveness of the interventions by SNV. Key reasons explaining the effectiveness of SNV are:

- Use of multiple stakeholders to tackle issues catalyses focused action.
- The nature of the issues addressed must resonate broadly with stakeholders if they are to be convinced into action.
- It is local action that makes the difference, not external drivers.
- Using an emergent approach, SNV has been able to capture and build on spin offs that became apparent as time passed. For example, the documentation and formal gazetting of new by-laws happened because of experimenting.
- LCBs from within the system have been instrumental in fostering systemic change.

Conclusions and lessons learnt Kenya livestock value chain

This case study provides an example of an approach guided by the understanding that complex living systems contain the innate potential and impetus to self manage. Working out of this orientation recognises that CD is essentially an emergent process. The role of an agent such as SNV and LCBs is to facilitate development but still being specific about end results. It requires the skilled practice of advisors who can harness interest and innate enthusiasm, facilitating processes between multiple actors and leveraging the work of others.

SNV understand that the most effective contribution they can make to capacity development of VCs is by facilitating learning between VC actors and local capacity builders. The work of CD involves conversations around issue identification, action planning, reviewing results, addressing specific organisational issues that hinder progress. The purpose is to foster more robust relationships between critical stakeholders in the system.

In addition to the type of services provided, SNV Kenya directed its advisory services to where they can make the most significant impact, by “identifying the points of pain” and “igniting and spreading the fire”. SNV works on systemic issues as opposed to those that belong to specific actors alone. SNV has developed methods and approaches around multi stakeholder processes and VC engagement, focusing on the point of systemic dysfunction. The “point of pain” highlights the importance of identifying and working with the point in the system where the energy and drive to address issues stems from. Engaging first with producers and their issues resulted in quickly finding energy to harness, collate to critical mass, and take to action. The “spreading of the fire” is achieved by deliberately feeding evidence of success into other pieces of work and especially into policy spaces.

An example of this is the changing of local by-laws to allow co-management and revenue sharing in local livestock markets. When these laws are gazetted, other councils in the country will be able to follow suit. It took eight months just to get a draft by-law, while SNV expected it to take three months. The fact that people possess the knowledge does not necessarily mean that they will act on it. Revenue sharing was something new and nobody was exactly sure how it would turn out. Therefore, someone had to take time to unite stakeholders in the same direction. Though the expected end result (improved livelihoods) was clear it could not be easily handled through a project approach where activities are clearly outlined for a single actor.

SNV recognised that for ‘facilitation’ and ‘capacity building’ to translate into effective CD, a demanding approach is required. The organisation is committed to articulating, documenting and constantly improving its practice. This study found much evidence of ongoing learning from practice at the local level helping push the boundaries of this practice.

Other lessons that can be learned from this case include:

- Stronger communication between VC actors and targeted capacity development in value chains improve relationships within and between organisations at national and local levels. There is evidence that these changes in organisational functioning increase the overall capacity of the system to innovate and be more effective. This case illustrated that up-scaling impact is feasible, as the Lolkuniani livestock market model gave rise to other markets elsewhere in seven Districts.
- The spontaneous emergence of a large number of other economic activities around the livestock market is further evidence that a successful VC contributes to local economic development.
- Practitioners actively supported by organisational processes, systems and procedures with ongoing learning is central to being effective in this approach. This approach is based on a particular developmental understanding of how organisations function as open systems that is very different from notions of organisations as hierarchies of control.

Some major challenges for the future include:

- Ensuring that improved capacity of the VC continues to serve the interests of the poor.
- SNV has built a successful case within a local context. However, as SNV seeks to take this to a wider scale, it is important that with increased scale, the system dynamics will inevitably alter. Mere replication of this initiative will not have the desired success. SNV needs to continue to evolve ways and means to ensure that scale is achieved. The learning model adopted is an important foundation to build on. They also require considerable space to make this happen. This means that pre-determined timeframes should not be imposed as a means to track progress.
- As in the Ethiopia case, the approach to working with complex open systems like a VC that SNV has adopted is innovative and to an extent experimental. Continued courage and commitment from the organisation and by those who support its work will be required.

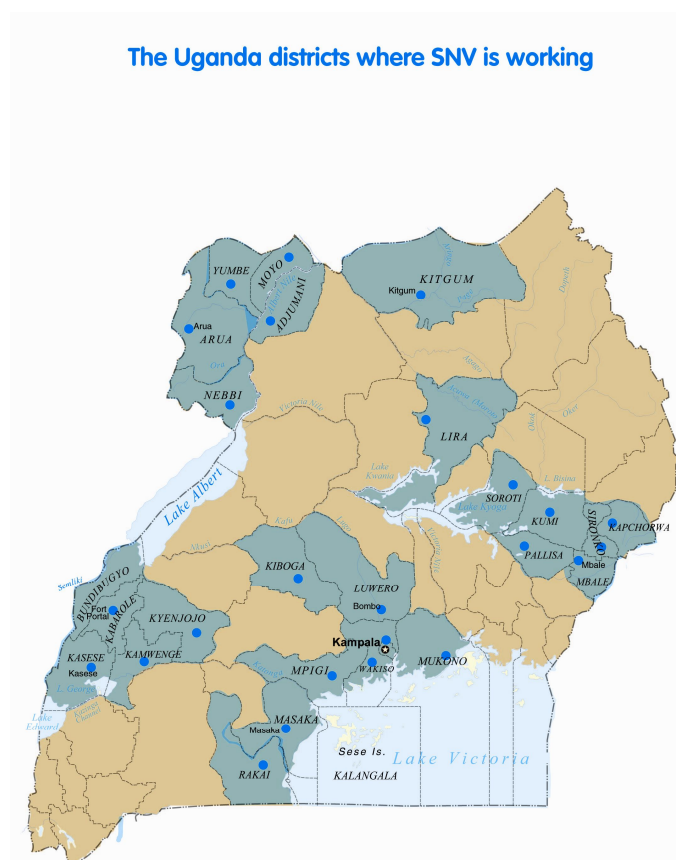
2.3 Case III: Oilseeds Value Chain Uganda

Description of the oilseeds value chain in Uganda and the involvement of SNV

The oilseeds sector in Uganda has existed over various decades. SNV got involved in oilseeds around 2006. The initial request was from the Uganda Oil Seed Producers and processors Association (UOSPA). UOSPA wanted to carry out a study on the potential of the oilseed sub sector in Uganda and they approached Agriterria and WUR for support in this activity. These two organisations directed UOSPA to SNV as one of the local Dutch

organisations who they could work with in this area. SNV accepted and became part of the initial oilseed sub sector analysis “oilseed scoping mission” alongside Agriterra, WUR, National planning authority of Uganda and UOSPA.

The study revealed a lot of potential for oilseeds in Uganda, and as a result, SNV and Agriterra agreed to support the oilseed VCD. From the scoping mission report an oilseed sub sector development programme was developed “Weaving the oilseed Web”, which SNV and agriterra agreed to support. SNV provided the VCD facilitation and Agriterra provided financial support to UOSPA. Agriterra financed UOSPA for a short period of time, however SNV went ahead to carry out a full VC and stakeholder analysis aimed at supporting the entire sub sector and not only UOSPA. SNV was able to bring the main stakeholders on a round table and initiated discussions on how to jointly work together to develop the sub sector. At the start, there was a lot of in fighting between the big players and the smaller ones, there was struggle for resources from different donor organisations, and actors worked independent of each other. One of the key issues at the start was the monopoly and dissemination of hybrid sunflower seeds to improve production, which caused problems in the sub sector. Quality seeds for sowing were not available for producers. SNV facilitated discussions between the key actors who were fighting each other and slowing down the development of the sub sector to resolve their differences. Gradually, they started to look at each other as partners in the development of the oilseed VC. SNV managed to pull off the fight and distrust among the players, something which other development partners including government had failed to achieve. SNV was then looked at as a genuine facilitator that could play a central role in facilitating the oilseed VCD. Obtaining credit facilities for the seed distributor was an important achievement in resolving the seed problem that blocked the sub sector.



Map 3: Uganda. The regional MSP exist in Eastern Uganda, West Nile, Middle North and Rwenzori (South Western) regions.

Over the past four years, the oilseed sector actors have developed Multi Stakeholder Platforms at national and regional levels to facilitate coordination, information sharing and joint actions. Based on a sector analysis, facilitated by SNV, these multi stakeholder platforms were formed to accelerate the growth in the sector and to upscale innovative practices developed in previous years by a small network of entrepreneurs and contract farmers. The analyses revealed great potential for growth of the VC but also a multiplicity of challenges, like low competitiveness and absence of sector coordination. The VC actors therefore made decisions to work together through

MSPs to find solutions to the challenges. SNV facilitated this process.

In Annex 10 an overview is given of the CD process over the period 2005-2009, with clients, SNV and LCB roles and CD services, critical internal and external VC factors and breakthrough moments. In 2006, for example, SNV contributed by facilitating a participatory stakeholder analysis and contributed to the production of the document "Weaving the oilseed Web". The analysis of this document revealed a great potential of the oilseed sub sector in Uganda, which was a critical factor to motivate VC actors. As most VC activities occur at the farmer (district and regional) levels, regional MSPs were initiated to address constraints at the regional level and to link national initiatives with grassroots based developments. National and four regional level MSPs (see map 3) were established and meet regularly. The activities and actors at regional level feed into the national MSP and the regional processes are used as a basis for selecting actors to engage in resolving issues. At the national level, different task forces were formed to address challenges and work towards short term gains and long term strategies. Other critical breakthroughs were the release of two oilseed varieties and lead firm Mukwano signing a MoU to import and distribute hybrid seeds to all farmers (2007), farmers being able to access financial services to invest in inputs for production and marketing, improving their yield, and obtaining higher prices resulting in increased production (2008), and Government prioritising oilseed with increased budget, increased margins at processor level with part of it trickling down to farmers, and adoption by IFAD (main donor) of all the priority issues raised by the oilseeds MSP. The reader is advised to consult annex 10 as it provides a coherent overview of the CD process.

Summary of development results

As a result of improved performance of the oilseeds VC, sunflowers became the leading raw material for edible oil processing in Uganda, saving the country about USD 100 million/year. Sunflower was introduced into Uganda in the 1950s but production declined in 1997 due to political unrest in the oilseed producing areas of Eastern, Northern and North-Western Uganda. The sunflower industry revived and annual production steadily increased from 70-80,000 MT in 2005 to 200,000 MT in 2008 and increased to over 300,000 MTs in 2009²³. This provided higher income for poor households, who had more stable conditions for marketing their product. Internally displaced persons (IDPs) in Northern Uganda became involved in sunflower oilseed production and benefited considerably from improved seed varieties and higher production.

Currently, an estimated 100,000 farm households are engaged in oilseeds production, directly benefiting a total of more than 500,000 individuals. Long term perspectives are to involve 400,000 farm households, with a total of almost 2.5 million individuals positively affected²⁴. The increased number of processors from 25 in 2007 to the current 34 and the increased number of producers reflect increased employment in the subsector. This drive to enter into the sub sector is an indication of the oilseed value chain growth, business attractiveness and likely profitability.

The Uganda oilseeds VC operates at both the local and national levels, through regional and national MSPs respectively. At regional level all the actors come together at the end of the growing season to agree on bulking points, transportation arrangements, negotiate the prices and agree on how to coordinate the marketing period. The interactions at the regional level provided key evidence for the lobby activities and sub sector growth strategies at the national level. This illustrates how inputs and outputs at the national and regional levels are exchanged through the national and regional MSPs. The advocacy role played by the national MSP has implications for the regional MSPs and for the international level as well, by influencing donor objectives and activities.

²³ Oilseed value chain report – SNV Uganda.

²⁴ SNV Data 2010

The national MSP aims to create *a competitive and sustainable oilseed sub-sector favourable to all stakeholders in the VC*. Its mission is to enhance performance of the oilseed sub sector so as to make it competitive and beneficial for all stakeholders and the nation. The targets are to increase production, facilitate market coordination and institutional arrangements, broker access to financial services and incentives, lobby for enabling policy and regulations and promote innovation and technological development.

Lessons related to gender issues

Representation of women in the governance structures within the VC is low which negatively impacts on their participation in the MSPs and other decision making structures along the VC. There is therefore a need for a deliberate effort to increase women participation at all levels of the VC. The situation is expected to improve, as SNV Uganda has mainstreamed gender into its corporate strategy and processes. VCs are best built through an inclusive CD approach including gender where actors including women are empowered to participate in VC and household decision making and control of resources. In the Uganda oilseed VC, this generally yielded better outcome compared to women or men only POs²⁵.

Power analysis

Small producers could enlarge their influence through their representing POs by benefiting from stronger micro-macro linkages and by becoming more involved in VC management. At the local and national levels, oilseed VC actors created or claimed space in which VC challenges can be addressed, which did not previously exist. With time, an increasing diversity of VC actors were invited into the “VC space”, including local (in regional MSPs), national (in the national MSP) and international (donors participating in MSPs or consulting with actors in MSPs). At the local level, District Local Government (DLG)’s participation in VC activities, for instance NAADs staff’s participation in MSPs, enhances CD activities by aligning their services to VC activities. Interaction of DLG officials with VC actors also established collaboration and enhanced service provision. Challenges still exist amongst the POs regarding governance issues like transparent financial management and democratic leadership. (see also p. 53-54 Uganda case report)

Changes in capabilities

In 2007 the capability *to act and commit* was at a low level. Presently, this capability is much stronger. Increased engagement of farmers, improved production and productivity, increased farmer incomes, improved efficiency of the chain as a whole has increased import substitution of palm oils with locally produced sunflower oil (p.39-40 case report Uganda). The evaluation team concluded that VC actors themselves have developed this capability, supported by the growing capabilities *to relate* and *to achieve coherence*, combined with favorable external factors like enabling environment, political stability and market opportunities.

Box 2: Increased ownership (quote oilseeds VC actor)

“the MSPs provide a space for actors and give them a sense of belonging and when they return to their organisations, they talk about it as ‘what we did’”.

The capability *to relate* both internally within the VC as well as with external actors has been strongly enhanced. SNV has played a critical role in facilitating processes between (potential) actors and brokering relationship to (re-)establish connections in the VC. Internal systems development led to

²⁵ Experience of the Sesame value chain in West Nile Uganda- personal communication from MSP coordinator.

greater capability *to relate* with external actors. An example was the issue of availability of quality seed to all farmers, which was a major problem in 2008. The oilseeds platform presented a memorandum signed by all stakeholders to the Seed Variety Release Committee under the National Agricultural Research Organisation to immediately release the seed varieties which were undergoing trials but had not been released for a long time. The seed varieties were released two weeks afterwards.

The capability *to adapt and self-renew* is becoming stronger, but will need more time to mature. This is logical as the present stage of VC development is still quite young. Improvements are shown in the number of new products and services developed, level of joint sector analysis and priority setting, quality of participatory M&E and internal collaboration (p. 41-42 case report Uganda).

The capability *to achieve coherence* became stronger over recent years (see p. 42-43 case report Uganda). From an initial loose coalition with a dominant role for one of the main trader/processors, a strong sense of coherence among a broader group of stakeholders have developed. Another key coherence element was the coordination between sub-regional and national level. Coherence was probably the capability which strengthened most over the period of study. The role of the sector analysis and consequent development of a coherent vision for the sector as a whole was of major factor in this change.

Coherence has also increased between capabilities. The strengthened capabilities *to relate* (both internal as well as external) *and adapt and renew* (especially strategic analytical skills) combined with favourable external conditions have allowed VC actors to improve the capability *to deliver*.

The capability of the VC *to deliver on development objectives* has been significantly improved (p. 43-45 case report Uganda). Investing in processing infrastructure and technical skills and competences of especially PO's played an important role, but the strength of the capability *to deliver* emerged over recent years especially as a result of other capabilities being strengthened, particularly the capabilities *to act and commit, to relate* and *to achieve coherence*. This became clear in the growing trust and understanding among private and government actors in the sector. This created a more favourable environment to invest in both production and manufacturing capacities.

Role of SNV and its effectiveness

SNV developed capacities of the oilseed VC by facilitating multi stakeholder processes and dialogues, strengthening producer groups, facilitating access to market intelligence and knowledge management, SME strengthening, and brokering access to VC financing. In addition, SNV facilitated the creation of business to business linkages, facilitating service provider clustering and encouraging effective public policy management. SNV's intervention strategies combined enhancing (systemic) competitiveness, inter-linkages (especially through MSP's and between regional and national MSP's) and enabling mechanisms like financing and adapted R&D.

SNV Uganda involves LCBs in planning, processing, implementation and evaluating, and documenting results. LCBs carry out trainings, baseline studies, co-facilitating MSP's, facilitating development of governance and leadership structures for producer organisations, facilitating clients to develop business and investment plans for accessing financing and other services.

VC actors rated SNV interventions as very effective compared to similar interventions (p. 45-49 case report Uganda). Reasons cited included: good time management, effective

communication, high level of commitment, high level of mobilisation resulting in involving more actors, high capacity to lobby funds and introducing new initiatives like the establishment of the Rural Information System.

Conclusions and lessons learnt Uganda oilseeds value chain

As a result of strengthened capabilities, the VC's capacity to produce and innovate considerably improved. Production and productivity rose significantly through increased numbers and organisational performance of PO's, the availability of improved oilseed varieties, the introduction of better agronomic practices, the increase of oilseed processing capacity and related infrastructure and availability of financing services.

The following three external factors had an effect on the revival of the VC. Firstly, the government created an enabling environment, which changed its policy towards supporting Ugandan produced vegetable oil crops. Government policies of liberalisation and privatisation allowed for investment; which in turn led the Ugandan private sector, to invest heavily in oil processing plants. Involvement of donor and development organisations, research, academic and public institutions, NGOs, local and international financial institutions provided financial, material and CD support resulted in the realisation of the sub-sector potential and generated further interest in its development.

A secondly external factor was political stability. Sunflower growing had been thriving before the mid 1970's but experienced a decline during a 20 year retracted war in the oilseed growing areas of Eastern and Northern Uganda. With the return of relative peace since 1996 and the return of farming families from internally displaced peoples' camps contributed to increased production.

A third factor was competitiveness. The economic sector of Uganda was rather fragmented, but in the oilseeds sub-sector the following external elements were favourable to the increased connectivity and VC performance. Globally, the rise in food prices combined with the high population growth and a high demand for food, including cooking oils, has encouraged production and use of improved agricultural practices and quality inputs such as hybrid seed for improved productivity. An increasing domestic market combined with the presence of a regional market further contributed to the attractiveness of the sector and fuelled competition and better coordination between VC actors.

SNV provided CD support that allowed the VC actors to analyse together these external factors as one of the critical issues and decide on strategic opportunities. This contributed to a stronger cohesion between VC actors. The internal situation at the start was characterised by mistrust and low connectivity. SNV's CD efforts reinforced interaction and networking among VC actors. This allowed the VC to increase information sharing, access to improved inputs, better markets and services and subsequently improved productivity and incomes.

2.4 Analysis and conclusions

First, a cross-cutting analysis is given of what type of capacity was developed in the value chains, how it was developed and what type of CD roles and services SNV and LCBs provided. This analysis also builds on the reflection made at the end of the Naivasha meeting in January 2010, where actors from the three chains exchanged experiences and discussed successes and challenges. Also the issue of dealing with power is included in the analysis, as this is a topic of special interest for the IOB studies. In the second part of the section, the four evaluation questions of the general IOB ToR are systematically answered.

Analysis

Overview of similarities and differences

The three cases earlier in this chapter each tell a story of how the capacity of a VC became stronger after SNV started to engage at a certain point in the VC history. First it must be acknowledged that the three VC cases evaluated are very different and their development, as well as the support processes, have had very different dynamics. The Kenyan livestock chain focused strongly on an innovation of market management by a local producers' organisation and a local government that was then used to expand effects in the chain as a whole. The model was later replicated to other locations. This process is still ongoing. The oilseed production in Uganda had been a vibrant sector that declined for several reasons over the last decades. When new opportunities opened up, a MSP approach was used to tackle key bottlenecks and significant results were achieved in many elements and dimensions of the chain. In Ethiopia, the honey sector hardly existed in the modern sense of the word 'value chain' till quite recently. When opportunities were identified, a MSP outlook was used right from the start, but a strong focus on private sector processors and opening markets was essential to create a 'pull' effect that then created opportunities for producers and their organisations and drew the attention of public actors.

Table 2: Overview of general similarities and differences between the three cases

Issue:	Honey VC Ethiopia	Livestock VC Kenya	Oilseeds VC Uganda
Clients	Local and National VC actors, especially processors and producer organisations, but also public agencies and a research institution.	Local government(s) and PO(s), expanding to downstream chain actors. Strong attention also to one specific LCB who is a vital change actor.	A broad gamut of national and local VC actors, among which input providers, POs, processors, government agencies/programmes, financiers and research.
Key impacts	Increase volume 61% in four years, increase productivity, more stable market, inclusion of 27,000 beekeepers in VC, access to new international markets.	Functional local market, with stronger and more inclusive governance, new business emerged for SME, including female-headed SME	Fourfold increase in four years of production volume, stable market, POs recognised partners, imports substituted.
Strengthen micro - macro linkages	Yes	Yes	Yes
Main negative factor	Low competitiveness (in 2005)	Recurrent droughts	Fragmented economic sector (in 2006)
Main positive factor	International market	Domestic market	Political stability and domestic market
Sectoral study at the start with actor mapping	Yes	No	Yes
Type of MSP	National	Meso level, but linked with national actors	Regional (within Uganda) combined with national
Main entry point for SNV	Processing companies	Meso level NGO and governance structure	MSP and main processing company
SNV working in partnership	Local, meso, national and international (like USAID)	Mainly meso partners SIDEP and SCC	Local, meso, national and international (Danida, USAID, IFAD, Agriterra, Agriprofocus)
Relevant research input	Transitional beehives	-	Improved seed varieties

Notwithstanding these considerable differences, there are also important methodological commonalities as the analysis below will discuss. A number of general similarities and differences are presented in table 2. Table 3 (see next page) presents an overview of how SNV and LCB engaged with CD roles and services, a summary of what capacities have grown within the VCs and a summary of the inputs provided by SNV. The tables show a number of patterns and raises observations with regard to SNV's approach to CD and its specific roles and services.

A multi-actor, systemic understanding of capacity development

The cases illustrate an evolution in thinking from CD of individual organisations towards CD of multi-actor groupings and the VC system as a whole. Though there are differences in the way that SNV has conceptualised its support in the three cases, one can say that the approaches applied have the following basic elements in common:

- They address capacities at different 'levels', that is, they aim to improve performance a) of individual actors, b) directly in the relationship or interaction between actors (MSPs, brokering of relations and deals) and c) in the general policies, institutions and rules of the game in the sector concerned. Providing support at such different levels and with a diverse client portfolio means that an agency like SNV supports the VC 'system' from different angles. The CD approach and activities thus become quite dynamic, with room to adjust to the lessons learned from different angles and the dynamic interplay of actors and actions. The evaluation found various indications for such a 'systemic' approach as applied by SNV.
- A key quality of SNVs support in the three value chains has been that it has helped the actors to see that they are indeed part of a 'bigger system' with other actors. Important knowledge and information has been generated and shared with SNV support. As a result the strategic understanding of actors of their environment as well as their own role and options improved. The evaluation observed that SNVs style of working in that sense seemed to help the system 'to see and understand itself'. VC actors became much more engaged for their own value chain. This empowered actors to improve their relationships, as well as their own performance, and gradually to address and reshape certain collective 'rules of the game'.
- In general, there is a quite a firm result orientation in terms of the types of poverty alleviation and governance improvements that one wants to achieve. The case reports illustrate this through the sector analysis made at the start. There are also medium-term MoUs with essential clients. But the evaluation observed that the total package of support is actually very flexible and follows dynamics, demand, opportunities and progress.
- The support is provided by a flexible (sometimes changing) team of SNV advisors, LCBs, consultants and international partners. The collaboration with LCBs (and others) is used to diversify the forms of support that can be provided and to increase outreach and scale. SNV plays a central coordinating role in this. There are professional balances to be maintained in terms of results orientation versus demand responsiveness, pro-activeness or facilitation, pro-poorness or neutrality (see facilitation below).
- Establishing functional forward and backward or micro-meso-macro linkages was a central ingredient in all three cases. To 'bridge the micro-macro gap' one needs to break out of local or regional programmes (all three cases). The Kenya case illustrates that an innovation in a specific region may effectively spread horizontally.

Volume of support and efficiency

Inputs by SNV in these cases amounted to about 250 - 500 advisory days/year for national level VC facilitation (Ethiopia, Uganda) and some 130 advisory days/year for meso level facilitation (Kenya, with linkages to national level). The amounts of support provided are

Table 3: Overview of SNV & LCB engagement, capacities grown and inputs provided

Issue:	Honey VC Ethiopia	Livestock VC Kenya	Oilseeds VC Uganda
Key SNV intervention roles / services	Assist in overall sector development by supporting MSPs, strengthening sector associations, facilitating grants for sector innovative 'projects', generation of market intelligence, promoting effective public policies, appropriate technology promotion) Support to business development (PO strengthening, B2B support, private sector actor strengthening, facilitating investments for innovation and up-scaling) Fostering CD service providers (LCBs) Knowledge management, development and learning.	Support to client collectives (national and local livestock cooperative(s), marketing association(s), traders savings & credit cooperative) Support to specific clients (marketing association(s), county council(s), LCB and cooperatives). Facilitation of connections between service providers (incl. MFIs), traders, producers and local government. VC information	Facilitation of MSPs Strengthening producers organisations Facilitating access to market intelligence and knowledge Brokering access to VC financing Facilitating service provider clustering Facilitating business-to-business linkages Supporting lobby for effective public policy management
LCBs' engagement	Increase from 3 to 9 LCBs. Expanding from studies and technical tasks, towards a broader package of services including facilitation, ID, investment support etc. LCB track record, exposure and relations grown. Young professional programme and competency pool.	KLMC and especially SIDEP have been essential in providing support to SCC and LMAs, including market and revenue management, OD/ID, linkage building, information management. LCBs not only take over roles/services from SNV but also do work that SNV does not do (both at micro and macro level). While scaling up in other locations, the role of LCBs and consultants becomes increasingly important.	LCBs have been engaged for a variety of tasks and roles: training, baseline studies, co-facilitation of regional MSP's, PO strengthening (esp. governance and leadership), and accessing finance services.
Key capacities grown	Processors and exporters: quality of product, market relations / competitiveness, supplier relations. POs: understanding, organisation, external relations Business relations between producers, processors, markets. VC: platform and CG functioning, policy influence, coherence between actors. Service providers: better quality of services, increased volume, credibility. Research: effective technology developed relationships with practice and policy. Public entities: understanding and responsiveness. All actors: seeing the VC as a whole, understanding of VC environment.	Joint management of local markets. Local government developed new collaborative relation and increased income. POs strengthened, playing vital role in market management, reinvesting gains in social activities in community. Downstream linkages and influence of producers (and local government) strengthened. Local entrepreneurship around market multiplied. Downstream VC actors and public entities picking up on the model.	Effective MSP platforms New and improved business deals between service providers and producers Strengthened POs More efficient and competitive processors and traders Market information system for VC as a whole; individual and joint analysis and monitoring Improved micro-macro linkages Research institutes better connected to practice and policy Increased engagement of government and donors like regulations and funds
Inputs by SNV (in days)	Over 4 years: 2,055 advisory, 360 management, 360 support	Over 3 years, 4 clients: 387 advisory days	Over 2 years, 4 regions: 523 advisory days

rather modest as compared to the number of actors and relations in which capacity has been positively influenced. These data suggest that the systemic approach applied by SNV in that sense is efficient. The sum of the interventions with different actors, and from different

angles, add up to more than just the individual actions. They create more productive dynamics within the multi-actor system as a whole, which in a sense starts to generate and unleash its own capacities to progress and improve.

Results orientation and flexibility

The conclusions we drew on the cases referred to the high degree of flexibility and responsiveness that is required in facilitating breakthroughs and innovative practices in value chains. These can, certainly initially, not be planned very clearly in advance. There is a clear professional need to develop effective mapping, tracking and monitoring techniques and practices that assist both the CD practitioners, the VC actors and the funders. The evaluation team has observed that SNV has shown some interesting practices here, like the articulation of a strong market focus, actor constellation maps and sector baseline data, but clearly still needs further work on this to make the systemic CD approach more accessible and accountable. Donors wishing to support this approach could assist by allowing a flexible use of funds within firm impact orientations.

On facilitating multi-actor change

The data and stories gathered from the three cases suggest that the term ‘facilitation’ needs to be unpacked as it entails various elements. In SNV’s practice there is an emerging recognition of the multi-faceted and varied content of this overall ‘facilitation’ concept. The cases show different forms and roles within that concept, such as convening, brokering contacts, assisting in joint analysis and visioning, assistance in deal-making, actual facilitation of MSPs, mediation and brokering finance. Again, this is an area in which SNV is still learning and systematising. The evaluation noted that such methodological understanding is emerging among SNV and LCB practitioners who would not necessarily have seen themselves as real CD specialists originally, but as sector-oriented, such as agricultural economists or private sector development specialists. This raises interesting professional questions and perspectives on how one combines sector and change expertise.

A specific competence that facilitators seem to show is a balance between being proactive and responsive. They need dynamic as well as receptive qualities. Several VC facilitators explained and discussed (in the Naivasha workshop) that the focus on multi-actor work in a specific sector kept them on their toes, in the sense that they felt they were expected to bring a more professional understanding of the sector as a whole and to be able to point clients to opportunities and relevant knowledge. This forced them to follow developments and keep themselves updated more intensively than when they provided CD services in more conventional forms (such as standard training packages). Sector analysis and actor mapping were important in all three cases, so an emphasis on diagnosis and understanding bottlenecks and opportunities seems to be essential before moving towards CD actions. At the same time, as practitioners worked essentially with multi-actor relations and issues, they very clearly recognised that they did not determine or drive the action. The VC actors determined to what degree they were ready to engage in new ways with each other. VC actors assessed the attractiveness of potential action and determined if and how fast they would go, implying that in that sense the advisors were more in the backseat and just facilitating and supporting such new steps. The balancing act by facilitators mentioned was also expressed in other forms, such as balancing the tension between a clear results focus and responsiveness to short-term client needs and concerns, between technical knowledge and process and relational skills, or between following energies and opportunities while sometimes also choosing to invest in or promote specific potential innovations.

An interesting element that was also raised by SNV and LCB practitioners was about the degree of ‘neutrality’ that is required in this way of working. One line of reasoning suggests (confirmed by some field observations) that it is not so much a matter of being strictly

neutral (as with certain conflict mediation approaches). Rather, the SNV advisors need to display sufficient understanding of different actors, interests and even worldviews. They need to work with these in constructive ways. Not as neutral players, but rather to facilitate and stimulate positive pro-poor change. SNV has the advantage that it has no specific interests or primary political affiliation. It also does not bring the big resources and related conditions, power and interests as donors. In that sense SNV can be relatively non-partisan or even all-partisan. But this does not exclude a strong drive for certain results. On the contrary, SNV supports a certain VC because it sees that it has potential and opportunities. But it has explicitly positioned itself as an actor that can help to facilitate change and engagement and collaboration of others, rather than promoting its own programme and activities. Professionalism entailed also the ability of facilitators to raise issues that could be perceived as risky and not back away when resistance surfaces. The very 'intangible' element of trust is often mentioned here, also by chain actors and SNV itself. The above analysis suggests some components on which such 'trust' is actually based: a facilitative approach building links between agendas of different actors, good sector knowledge, an all-partisan attitude, an ability to foster quick wins, no strong own objectives, no power over major funding. An illustration of the latter is that SNV technically manages funding from the RNE for VC development in Ethiopia but has delegated actual decision making and monitoring to the MSP/CG. The latter actually manage that fund while SNV only assures and checks on quality and transparency of the process.

The connection to the concrete business process in a VC seems to provoke 'higher level' CD approaches and process skills. One could say there is an evolution from instrumental OD, via combining this with more substance knowledge and engagement with the business of the sector concerned, towards more advanced notions of facilitation and multi-actor CD. It is the engagement with the concrete business of the VC and the focus on concrete results in it that is leading to a new and higher level of CD facilitation.

Engagement of Local Capacity Builders and consultants

From the analysis of the cases it appears that, if done well, the collaboration with LCBs is not only a way of transferring work towards capable local actors, it also helps to address the diversity of CD needs in a multi-actor setting, to increase outreach and to improve the overall ability to support and influence the VC. In this way the collaboration with LCBs is leveraging the support provided by SNV.

SNV is committed to strengthening a local market of CD services and the demand for them by enabling local CD service providers to adapt their services to the expressed need on the ground. SIDEP in Kenya is a good example of how SNV contributes to sustainability of the VC and to local ownership by working through LCBs. LCBs often have specialised sector knowledge not available within SNV and have better understanding of the local context and dynamics.

The range of LCBs engaged is wide: from leading consultancy firms in the country to very local NGOs. The evaluation observed that the alignment of LCBs is an important factor in realising the systemic approach of VC analysis. It seems that, in general, the collaboration of SNV with LCBs in these three cases has had a significant effect on LCB performance: their quality and type of work (moving towards more challenging services and roles), their market relationships, their change and process expertise, their credibility and their ability to attract work and resources from elsewhere. As LCBs can continue to play roles in the value chains and sectors concerned, it is clear that this also adds to the overall capacity effects and sustainability of improvement processes.

The evaluation noted that SNV still plays quite an important coordination role and that in that sense its direct engagement in VC development may not be transferred very easily in a few years. As a 'neutral and professional actor with an international identity' it can do things and facilitate processes that local consultants or (semi-) public actors will find difficult to address. In that sense SNV Ethiopia's explicit approach to transfer and scaling of CD services to LCBs and creating a 'centre of excellence' in VC development is interesting. It clearly stimulates that more work, including higher level assignments, is done by LCBs while banking on SNV's essential ability to continue stimulating the improvement of that service environment and the quality of VC work in general. The other cases in the SNV country programmes have not shown similar clarity on their LCB engagement strategy (see also phasing of CD support below).

Collaboration with other international actors

Especially in the Ethiopia and the Uganda cases, quite a lot of collaboration and harmonisation developed with other international organisations that support the sector concerned. SNV, as a 'neutral' and respected player with local contacts and experience in CD alongside an international network, does seem to have the capability to realise such collaboration and harmonisation and at the same time foster the engagement of capable LCBs and VC actors in a somewhat impartial way.

Phasing of CD support over time

The cases illustrate a practice where gradually a framework of different CD stages emerged with high levels of flexibility and adaptation to emerging dynamics and new external or internal factors. This is illustrated in the cases with a life cycle phasing with different stages of VC development from conception to embryo, from embryo to infant and from infant to maturity. In the first stage a network structure is developed combined with the identification of a high potential VC. At this stage in Uganda CD investment in the capability to relate (establishing and strengthening connections within the VC and between the VC and its environment) and the capability to learn and adapt (analysis, visioning, developing a VC plan) worked out effectively. When growing from embryo to infant the institutional network is still important and several business driven initiatives start to emerge. Developments in the markets are changing rapidly which means that the intervention plans should be revised regularly. A VC moving from infant to maturity shows sector or branch associations, which are able to support the development of the VC. Maturity of the VC would also see a professional network of service providers and financial services being available and used by VC actors.

As capabilities of the VC become stronger and sector or branch associations are able to support the development of the VC, with LCBs performing CD services, the experiences in the cases indicate that after some years SNV gradually takes a more distinct coaching role and other actors take over. In the three cases SNV is embarking on strategies that combine a) scaling and leveraging, b) transferring certain tasks and roles, c) strengthening the on-going service environment, d) trying to make MSPs somewhat more permanent and institutionalised (with major questions around how to do this) and e) SNV itself gradually moving to higher added-value roles. In Ethiopia, a Centre of Excellence on VC expertise is being formed. In Uganda, a VC research unit within Makerere University is expected to consolidate VC learning in curricula. In Kenya, the model produced by the Lolkuniani actors is being replicated in neighbouring districts. The practice emerging from the three cases illustrates that these strategies are contextualised and piloted. They will need further elaboration and attention before maturing, especially on the involvement of LCBs and the implication of current subsidised services versus future paid services.

Investing in human resources

The investment in the development of advisors and in learning seems to be one of the key reasons for the results. Facilitating multi-actor change processes, as illustrated in the three cases, requires advisors with the right skill set and mindset (for more details on the HRM policy see chapter 3.3 of this report). Annex 12 illustrates how in the ESA region SNV has strengthened the skills of advisors.

Power issues

In the case studies special attention has been given to power and power-related elements²⁶, as these are seen as critical in CD processes. CD is fundamentally influenced by power and control. The distribution of power, the level of social cohesion and political conflict are examples of factors that determine CD and real reform. Power is not a finite resource; it can be used, shared or created by actors and their networks in various ways (Gaventa, 2006). Some see power as a 'negative' trait: to hold power is to exercise control over others. Others see power to be about capacity and agency to be wielded for positive action (ibid), a view which seems to be taken by SNV in the three cases.

The power dimension of the facilitative multi-actor kind of CD that SNV provides has not been made explicit and reflected upon very strongly by SNV staff, it seems. There are lots of nuanced understandings of power dimensions and practitioners deal with them in various ways. But overall there is ground to be gained in considering more explicitly and in detail who benefits most, to what degree SNV facilitators are negotiators and co-shapers of such balance of benefits, and how SNV can help to anchor more equal relationships that are emerging. This will enhance a more articulated pro-poor strategy in the approach SNV is applying. Several elements are actually present already but not made explicit. Basically there are five ways in which power issues seem to be addressed.

Firstly, the histories of the three value chains describe power struggles at the start. When SNV entered the VC, the situation was characterised by mistrust among actors in Uganda (par. 2.3, p. 26) or a stagnating stalemate situation (Kenya: p. 20; Ethiopia: p. 15). SNV staff often seem to have dealt with this informally. In situations with the presence of a powerful actor, like the government in Ethiopia, it also seems unwise to deal too explicitly with the concept in a formal way.

Secondly, in the three VCs, actors have been empowered to negotiate prices and choose when and to whom to sell their produce. Processors and traders therefore have to offer higher prices and timely payment. While the development is positive in the short and medium run, processors need to remain profitable to continue operating. SNV's strategy is to link businesses within the VC and to consolidate POs into umbrella organisations whose leadership can negotiate with and agree on a mutually beneficial process, with a long-term view of sustainability for both producers and processors. In this view the total level of power increases as the VC increases its performance and capacity.

Thirdly, power issues have also been brought into the VC analysis and planning to some extent by linking different levels (local-meso-national). Uganda is a good example where regional and national MSPs were connected and this empowered local actors to influence macro processes. But Ethiopia and Kenya also illustrate this type of stronger connectivity between levels, empowering especially local actors. A second empowering strategy to

²⁶ For power analysis the power cube has been applied by the evaluation team (www.powercube.net), Gaventa, 2006

include resource-limited producers in the VC was creating physical space for VC actors. All three cases illustrate how platforms were organised that allowed VC actors to express their views, including VC actors that were not invited to these types of formal events before.

Fourthly, actor mapping is being done at the start and regularly reviewed, depicting a dynamic network of agents (Ethiopia: p. 24, Kenya: Annex 1, Uganda: Annex 8). The actor constellation maps and underlying analysis of dynamics, opportunities and bottlenecks provided VC actors with an understanding that proved to be crucial in starting up a change process. In the process of coming together to share information and act on common constraints, the individual objectives of respective actors apparently become less central and are reframed within mutually beneficial arrangements. An example in Uganda was the repositioning of Mukwano, a large and powerful national oilseeds processing company. Mukwano needed an increased and stable supply of oilseeds but was hesitant to provide guarantees for farmers to access loans from MFIs. After extensive discussions in the VC, strongly backed by SNV, Mukwano did provide guarantees, which turned out to be beneficial for all involved.

Finally, although the evaluation team noted the above, limited explicit material was found on how power issues are being analysed and documented by SNV and included in VCD strategies. This made it difficult to assess power issues in the evaluation. Implicitly advisors seem to pay continuous attention to power issues, mainly in an informal way. They seem to have overcome the power issues and managed them in a diplomatic way, appropriate to the prevailing cultural standards. Before the MSPs actually started, a lot of communication efforts had been invested in informal meetings, during which open-minded representatives from powerful stakeholders met each other and started to have more understanding of the needs of other VC actors and what possible scenarios for VC development would benefit the whole VC.

Whereas proponents of collaborative learning and stakeholder engagement argue that these can be an effective way of tackling power and authority (Woodhill, 2010, p.55), it would be useful to develop more explicit power analysis tools, including analysis that makes explicit who benefits most and to what degree in the present situation. This could help SNV facilitators to anchor more equal relationships and develop a more articulated pro-poor strategy.

Conclusions

This concluding part of Chapter II is structured against the four main Evaluation Questions, summarising the evaluation results emanating from the three cases.

Question 1: What changes have taken place in the capacity of the value chain and its member organisations?

The three case studies revealed promising evidence of the capacity development that has taken place. There is evidence that the particular contributions that SNV has made through its participation in and contributions to the value chains have played a substantial role in developing the capacity of the systems.

Commonalities emerging from the cases

From the analysis it emerges that especially the capabilities *to achieve coherence* and *to relate* (both within the VC as well as between VC actors and external actors) have been considerably strengthened as a result of SNV's CD support. The cases illustrate that these capabilities were critical in building capacity for collective action.

Coherence was enhanced through the joint detailed analysis by VC actors of the situation in the sector at the start, including actor mapping. The three cases illustrate how coherence has been strengthened by a strong analysis and consideration of context elements, resulting in common strategies, a VC vision for the future, improved grasping of opportunities (like markets or political stability) as well as dealing with challenges. Also the importance of developing and articulating a strong market focus contributed to a coherent VC. SNV contributed with a clear focus on the sectoral or systemic development of the VC, including the identification and agreement on standards and procedures to be followed by VC actors.

Strengthened connectivity between VC actors through multi-stakeholder processes was a common capability emerging in all three cases as a result of SNV's CD contribution. Connectivity was also strengthened by other forms of brokering of contacts, assistance in deal-making and relational facilitation by SNV and LCBs. The cases show three commodity chains that differ from a supply chain in the sense that they illustrate improvements in how the different actors form strong partnerships and move to become co-owners in the VC (see also internal-external dynamics below). Establishing functional micro-meso-macro linkages, both upward and backward, was a central ingredient in all three cases. To 'bridge the micro-macro gap' there was a need to break out of local or regional programmes. The respective roles and contributions from VC actors became more effective, which also illustrates the strengthened relationship, like research agencies producing relevant innovations as a result of becoming more connected to the innovation needs of VC actors. Likewise, in the CD service environment, LCBs took different roles, varying according to the situation, and became a more coherent and logical part of the VC system.

Stronger coherence has been noted in terms of connectivity, structure, procedures, and capabilities to react to opportunities and innovate. Resilience is noted, for instance in Kenya, where the VC went through difficult times during two recent droughts, yet adapted to the situation and developed innovations in these difficult circumstances. The actor constellations continue to change, for instance the strengthening of business-to-business relationships in Ethiopia or the oilseeds producers' organisations in Uganda who increase their processing activities

External factors

All three cases illustrate the importance of external factors. Enabling VC actors to analyse and monitor external factors, and designing strategies to cope with them were crucial in all three cases. The Uganda VC actors profited from the renewed political stability to improve competitiveness and integrate Government and donor support. In Ethiopia, the private sector became an engine for growth with the public sector by reviewing legislation and creating an enabling environment, supported by donor funding. Another key factor that kick started the VC development process in Ethiopia was the presence of an international market. In Kenya, the VC actors had to cope with drought periods, which severely impacted the livelihoods of pastoralists.

On the five capabilities and their interconnections

In all three cases the capability of the VC *to deliver on development objectives* significantly improved. Examples from Uganda (p. 43-45 case report Uganda) are an increased number of newly formed and strengthened PO groups, performance targets met, and increased access to services and resources. The VCs were better able to *deliver on development objectives* as a result of other capabilities being strengthened, particularly the capabilities *to act and commit* (examples Ethiopia: stronger leadership, increased ownership, increased contributions by VC actors, p. 37 case report Ethiopia), *to relate* (examples Kenya: dialogue between local government and livestock owners and effective micro-macro linkages, p. 43 case report

Kenya) and *to achieve coherence*. The increased ability to achieve coherence was evident in the growing trust and understanding among different actors in the sector, like private and government actors. Coherence increased in all three cases through better information sharing, market information and market intelligence, and improved quality management of products. The capability to *adapt and renew* has been strengthened, but could still be stronger. For instance, in Uganda, new products and services increased the level of joint sector analysis, presence and quality of participatory M&E, and reinforced internal collaboration (p. 41-42 case report Uganda). Overall SNV contributed particularly to the capabilities *to cohere* and *to relate*.

VC actors as active capacity developers themselves

The overall capacity of the value chains has benefited from systemic development. The three VC stories illustrate how internally within the VCs interacting elements and VC actors respond and adapt to each other so that what emerges and evolves is a function of ongoing adaptation and the responsive relationships VC actors have with their environment. The increased competence of VC actors to deal with the context, as described before, is an example. One capability which becomes stronger has effects on the other four capabilities. Whereas VC actors themselves did not use the term “system”, what emerges from the practice of the three VCs are examples of adaptive systems.

We conclude that SNV’s facilitative approach helped to match and build on existing capabilities among VC actors. In fact over time they started to drive capacity development themselves and often do so also by simply engaging better with each other, without specific external involvement. So VC actors themselves became more and more essential motors of their own capacity development, both individually as VC actors and as a whole VC, driven by the promising dynamics unfolding. One could thus indeed talk about ‘unleashing’ capacity that already existed or unleashing the power to increase and gain additional capacity.

Question 2: What effects have changes in the capacity of the value chain had on the realisation of development objectives?

Realisation of development objectives

The three cases described quantitative and qualitative results, which are impressive. Social capital has been built among VC actors resulting in dynamic and strong value chains, with a stable external network. The Ethiopian honey VC has achieved major quantitative and qualitative results in a short period of four years, benefitting 27,000 individual beekeepers and various VC organisations, especially processors. Annual honey production has increased in four years from 24,600 tons to 39,660 tons. In Kenya, the creation of the Lolkuniani livestock market in a remote part of the country has impacted substantially and positively on the lives of the people of the area, for whom livestock is a major source of income and sustenance. In addition some 1,000 businesses have been created. The model is now being replicated in seven other districts. In Uganda, the production of oilseeds has increased from 75,000 MT to 300,000 MT in four years, benefitting an estimated 100,000 farm households.

Consolidating gender results

Systemic gender changes have been observed as a result of VC development, like Ethiopian women becoming engaged in honey production (p. 23 case report Ethiopia) and Kenyan women starting to be actors in the livestock market (more than 100 small business started by women in Lolkuniani market, p. 35 case report Kenya). This was also due to SNV seeing the opportunity to reach a strategic gender result. It is positive that women became more engaged in beekeeping and small businesses. But this may not be enough in the context of the VC. It should also be verified if there is a fair distribution of the economic gains in the

households. It might be that in fact their involvement in the VC has created an additional burden.

Representation of women in the governance structures within the VC is low in all three cases, which negatively impacts on their participation in the MSPs and other decision making structures along the VC. There is therefore a need for a deliberate effort to increase women's participation at all levels of the VC. VCs can become stronger through an inclusive CD approach where actors, including women, are empowered to participate in the VC, household decision making and control of resources.

Question 3: How effective have SNV's interventions been in terms of strengthening the capacity of the actor constellation and its member organisations?

By intervening at different levels simultaneously and consecutively (individual actors, relations/collaboration, institutions/policies/rules) SNV's CD approach appears effective in stimulating performance at different levels and especially the capability to relate and the capability to achieve coherence. In all three cases SNV's role within the VC actor constellation was catalytic and the case reports picture an "involvement pathway" (p. 30 case report Ethiopia; p. 27-28 case report Kenya; p. 29-30 case report Uganda) which strongly suggest that changes can be attributed to critical SNV and LCB CD interventions and roles. The three cases illustrate that SNV contributed especially in strengthening or establishing connectivity and collaboration among VC actors, achieving clarity on VC objectives and strategies and agreeing on concrete actions in collaboration and performance of various actors. The collaborations were institutionalised afterwards into MSP platforms that sometimes formalise them in certain standards, procedures and/or processes.

In all three cases the appreciation of VC actors of the effectiveness of CD services provided by SNV has been high. VC actors rated the interventions of SNV as very effective compared to similar interventions. Given the duration and size of engagement with the three value chains, there have been commendable achievements in capacity gains. According to the VC actors, the effectiveness of the SNV approach, including LCB engagement, has been an essential contribution to these achievements. All in all the SNV support has not only been effective but also efficient (cost/benefit in terms of volume of support provided versus amount of actors influenced and related outcomes).

It can be concluded from the cases and the analysis provided in the first part of this section 2.4 that VC actors strongly appreciated the role of SNV. Also, a major effect is observed in all three cases following a relatively small intervention by SNV.

Question 4: What factors explain the level of effectiveness of SNV's interventions?

The following factors explain the level of effectiveness of SNV's interventions:

- All three cases started with a careful analysis of the context and the VC actors, before moving into the particular VC. These analyses were shared and deepened with VC actors and constituted the basis for VC development.
- Our analysis shows that carefully combining simultaneous and consecutive support at different levels (individual VC actors, relations and collaboration amongst VC actors, as well as institutions, policies or rules of how the VC operates) does indeed seem to produce improved 'system dynamics' that go beyond the simple sum of the individual support activities.
- Through the above and a strong emphasis on generating and sharing relevant information, SNV managed to strengthen the ability of VC actors to deal strategically with the context, each other and external actors. This competence of VC actors became

stronger in the three cases, as they gradually developed effective VC development activities and strategies and made their capability to relate to each other and the external world stronger.

- Intervening where there is energy for change but also issues that really hurt ('the points of pain'). This is a significant understanding that has emerged from the work and experience of SNV and that has been expressed more precisely by SNV Kenya. Pursuing the whole idea of acting as a catalyst in situations where the potential for self driven initiatives are already there has been seen in all three cases.
- SNV staff involved in VC development combined both content (technical VC) and change expertise. This allowed the facilitators to understand the mindsets and language of VC actors and engage with them, yet also operate in a process-oriented way. Ownership still remained with VC actors, but the facilitators from SNV brought in catalytic and proactive initiatives that turned out to be critical for VC development. Various balances and challenges of such results-oriented facilitative approach have been discussed earlier in this chapter. SNV is developing interesting and significant professional experience in this respect.
- SNV and LCB staff involved in VC development combined both content (technical VC) and change management expertise. This allowed the facilitators to understand the mindsets and language of VC actors and engage with them, yet also operate in a process oriented way. The fact that support is provided in flexible teams and that these combine and integrate intelligence from and activities at local, meso, national and even international levels is another key factor.
- The combination of different forms of CD services and support (and at different levels) in response to concrete needs and ambitions of clients is another key ingredient. By using LCBs and consultants and bringing in expertise from elsewhere, SNV has been able to generate and coordinate a broad range of support services. In many cases these combine sector and change expertise, but some are also very technically specialised. The result is that support services often respond very concretely to actors business needs (and are not abstract organisational inputs). CD is not an input to help actors to become capable of change but it is directly supporting changes.
- The permanent local presence, as well as the fact that SNV has built credibility in the three countries after decades of institutional engagement in development efforts, has clearly been important as well.

III. Policy reconstruction

3.1 Overall Policy of SNV

In SNVs strategy 2007 – 2015 ‘Local impact – Global Presence’ the core business of SNV is described as the support to local actors to increase their capacities to solve their problems, pursue their development goals, and contribute to the reduction of poverty and the promotion of good governance. This is expressed in SNVs vision: “*SNV is dedicated to a society where all people enjoy the freedom to pursue their own sustainable development. We contribute to this by strengthening the capacity of local organisations*²⁷”.

Meso-level organisations are deliberately chosen as a core category of clients as these play a key role in reducing poverty in a sustainable manner and improving the lives of the poor. SNV therefore aims to support such local actors to strengthen their performance to realise poverty reduction and good governance effectively.

SNV is different from other international development organisations in that it does not provide finances, but basically just advisory, knowledge and facilitation services.

Informed by experiences and lessons on its CD approaches in the years 2000-2006 (see 3.4 below for a summary of these lessons), the SNV strategy 2007-2015 puts more emphasis on *impact orientation*. The strengthening of impact orientation from 2007 onwards implied that SNV had started to focus its CD services more sharply on specific sectors and sub-sectors (‘positioning choices’ in SNV terminology). The selection of positioning choices, effectuated in 2007, links SNVs general CD approaches more firmly to the specific issues, needs and dynamics within sectors. As a result, SNVs strengthened impact orientation under the new strategy is more concretely defined in terms of ‘access to basic services’ (BASE) for the poor and ‘increased production income and employment’ (PIE) for the poor. For BASE, water, education and renewable energy were selected as key corporate sectors, while for PIE, these are agriculture, forestry and tourism (with some room for regions to adjust and choose additional areas). The SNV regions and countries selected more specific ‘positioning choices’, that is, concrete orientations and objectives they want to contribute towards in that specific environment.

Another key element of SNVs strategy 2007 – 2015 is ‘*localisation*’. Stimulated by both external feedback and internal dynamics, SNV commits not only to providing effective CD services, but also to helping structurally improve the enabling environment for local CD. This strategy is given shape in particular through a) subcontracting a significant portion of advisory work to local capacity builders (LCBs), and b) creating an initiative called Local Capacity Development Facilities (LCDF), which seeks to improve demand-supply-financing dynamics for local capacity development.

‘*Governance for empowerment*’ is embraced as a concept that is critical for all SNVs sector work. SNVs Governance for Empowerment approach is a specific take on governance, which seeks a change in power relations that expands assets and capabilities of poor and marginalised people to participate in, negotiate with, influence, control and hold accountable institutions, policies, values, relations and processes that affect their lives.

²⁷ SNV 2007: Strategy Paper 2007 – 2015

SNV seeks to align its country programmes with national development strategies and agendas. In the sectors and value chains it works in, SNV also aims to bridge the micro-macro divide, which often hampers development efforts. SNV stimulates vertical linkages between national, meso and local actors; supports the involvement of local actors in changing and shaping national development agendas; stimulates the generation, analysis and sharing of information on local realities; and fosters the development of effective implementation approaches at field level. This is all done to ensure that micro-level realities are taken into account in the formulation of macro-policies, and that 'macro-promises' lead to concrete local results.

3.2 SNV's intervention theory, strategy and approach regarding CD

CD has been core business for SNV since 2000. SNV defines capacity as the power of a human system (be it individual, organisation, actor constellation, or a sector) to perform, sustain and renew itself in the face of real-life challenges.²⁸ Capacity is about empowerment and impact. Consequently, capacity is not a specific ingredient, but an emergent property of a human system, usually determined by a combination of factors. As a result, SNV looks at different dimensions or elements of capacity, for example (and borrowing from the five C model) the ability to self-organise and act, the ability to produce results, the ability to learn and adjust, the ability to maintain relations and operating space and the ability to develop coherence. But such distinctions are not fixed and are adapted to local realities. CD can address different 'levels' of human systems, such as individuals, teams, organisations, networks or sectors.

In SNVs practice CD usually entails elements of empowerment of actors concerned and improving governance on the one hand, and improving the delivery of development results on the other. As such, CD is not value-neutral but involves changes in relationships within the social, political and economic realm.

In 2007 it was decided that for the economic sectors a 'value chain' perspective would form a central concept for developing SNV's activities. This was based on several considerations. Over the previous 10-15 years, SNV had applied several approaches in the economic sphere, including small-scale enterprise development and private sector development (SME/PSD); local economic development (LED), which included attention to the role of (local) government in creating enabling environment; and business development services (BDS), which focused on strengthening support services around certain production and market chains. It appeared that each of these had their specific strengths but also limitations and the value chain concept allowed for linking and using such different strengths. A second reason was that SNV acknowledged that, especially in Africa, it had sometimes supported forms of economic development for which market conditions and the enabling environment were not conducive. The VC concept helped to take in such considerations more clearly right from the start. Finally, the VC concept was also a multi-actor concept and fitted with the ambition to play a role in strengthening the 'micro-macro linkages' that had been prompted by, among others, policy discussions with DGIS. It is important to recognise that SNV does not use the VC concept in the strict industrial or economic way. It is not just about the sequence of steps in the physical production, transformation and marketing of a certain product. Neither is it just about the economic transactions through which this is done. The VC concept as used by SNV includes the broad pattern of relationships within the primary chain as well as with various support actors and stakeholders that play a role. It also includes the governance dimension. This use of the VC concept has been inspired by specialist institutes,

²⁸ SNV Strategy Paper 2007 - 2015 'local impact – global presence', p 17

such as the Netherlands Agriculture Economics Institute (LEI), which uses the VC concept in a similar way.

SNV works with private, public as well as civil society actors, mostly based at local level, and helps to build bridges between them. SNV's CD approaches are taking increasingly broader "actor constellations" into account. SNV uses the term "actor constellation" to indicate a set of interrelated actors relevant for the sector or VC concerned and that together constitute an "open system". To arrive at a better understanding of the institutional context in a given sector, an actor constellation map is developed. It identifies principle actors (organisations, groups, networks or even influential individuals) that have the leverage or potential leverage to bring about change. The starting point for making an actor constellation map is a contextual analysis, which gives insight into the threats and opportunities in the area under review, the most relevant actors, their strengths and weaknesses, as well as the institutional factors that influence how these actors perform and interact. Potential organisational and institutional changes and opportunities for change to achieve impact are also identified.

Contrary to the past, when SNV worked less selectively and worked with many organisations simply because they demanded support from SNV, nowadays SNV works only with actors that could potentially bring about change in a sector or VC. Based on the potential to contribute to the impact SNV aims, clients are strategically selected, while the relationship is still based on their demand and client ownership²⁹.

In recent years SNV has increasingly worked deliberately with LCBs, as clients, sub-contractors or as partners. An LCB can be any type of actor that provides CD services to meso-level actors and is owned and governed within the country or regional context. Working with LCBs is part of SNV's localisation strategy, which aims to improve structurally the enabling environment for local CD.

SNV sees collaborations and partnerships as a vital ingredient to maximise its contribution to impact. Partners at the corporate, regional and country level are selected on the basis that they complement SNV's approach to development. Collaborations can take many forms. They include working with LCBs, with knowledge partners in countries and regions, in policy influencing processes, and in setting up innovative funding arrangements with international partners and with funders, especially DGIS.

The total annual budget for the SNV programme is approximately EUR 90 million. SNV appreciates the significant core-subsidy from the Ministry of Foreign Affairs of the Netherlands. The guarantee of a core subsidy over a significant number of years has provided SNV with a sound basis to allow the necessary scope for innovation and risk taking in working with complex systems. At the same time, SNV is conscious that the expectations of the Ministry for the delivery of quality results are high, and that SNV is accountable to demonstrate that its approach can bring about sustainable change. SNV has the ambition to diversify and broaden its funding base while maintaining the integrity and coherence of its strategy.

3.3 SNV's core products and processes

This paragraph briefly describes the services, products, tools and instruments that have been used by SNV to strengthen capacities of their client organisations. They have evolved organically out of the organisational transformation, as described below in paragraph 3.4. In

²⁹ SNV Strategy Paper 2007 - 2015 'local impact – global presence', p 15

addition, SNV has standardised the processes involved in providing advisory services. A brief outline of these “corporate standards of the primary process” are provided below.

Capacity development services and products

In 2003, SNV developed a rough distinction of categories of the CD services it provides and combines: (1) diagnosis (2) organisational development; (3) inter-organisational development and partnership building; and (4) institutional development.

In recent years this logic has often been refined to fit the specific needs and peculiarities of specific sectors or value chains. For example, for value chains in East Africa a set of specific value chain services and products have been distinguished as follows:

- Producer Group Strengthening
- Multi Stakeholder Platforms
- Market Intelligence
- Value Chain Financing
- Strengthening Value Chain Service Providers
- Effective Public Policy Management

In practice, such logics are further refined and adjusted to country- and sector-specific priorities and demands, as also visible in the three cases analysed in this evaluation.

Applying the value chain concept

Over the last few years the adoption of the Value Chain concept as a central perspective in the economic areas has proven to be successful among SNV’s own advisors and also positively received by clients. The VC concept helps both to look seriously at realistic market opportunities and at the variety of possible bottlenecks in the system. As used by SNV it is also a kind of applied form of a ‘systems approach’. It helps to look at the multiple actors (parts) in a system as well as to the dynamics of their relationships (rules of the game) and at the opportunities as well as bottlenecks for improving overall functioning and results. In SNV, some advisors also explore how they can use the VC concept to look at the business process in basic services sectors such as water and education.

Facilitation of multi-actor processes

Among the range of CD services and products that SNV provides to client constellations, the facilitation of multi-stakeholder engagement and processes (‘MSPs’) has gained a special importance over the last few years. It often appears to form a central ingredient that also helps to make other CD services and products effective.

SNV is gradually starting to unpack and refine the broad concept of “facilitation of multi-stakeholder processes”. It actually appears to contain several different roles and approaches in the nature of the advisor’s role as well as the relationship with the clients, which tends to evolve and change over the course of a multi-stakeholder change process. MSP facilitation can thus contain and combine elements of, for example, information brokering, deal-making, convening, negotiation and conflict resolution, financial brokering, moderation, coaching, and/or innovation³⁰.

By intelligently using several of the above components, SNV seeks to stimulate improved dynamics in the multi-actor client system that produces concrete development results, never

³⁰ SNV is presently preparing some further clarification and documentation on the domain of facilitating multi-actor change.

as its own programme, but through the emerging dynamics, collaboration and consensus in the system.

HRM policy

SNV acknowledges that finding and retaining staff able to facilitate the multi-actor change processes needed for VCD and sector development is a challenge, due to a number of factors. The first is the fact that it is not easy to recruit highly qualified sector or technical experts who have also developed complex process and relational skills. Where they can be found, retention is an issue because they are highly sought after. A second factor is the fact that the required combined capability takes time to develop. It is impossible to develop the range of soft skills, behaviours and conceptual understanding needed to combine technical and process or change capabilities effectively in a short seminar or by providing documents. The methodologies that are helpful take time and need to be embedded in daily practice. Lastly, the combined expertise or capability is highly customised; each advisor who moves on to another context brings technical skills with them, but needs to open up and gain credibility in a totally different setting. Much of the knowledge is therefore tacit so transfer requires more than the traditional ways of imparting knowledge. For background, an example of an SNV country organigram is given in annex 13 (SNV Kenya).

Over the years, SNV has addressed the issue from several angles. Some of the approaches have been adopted organisation-wide and are fairly consistently applied. Others are encouraged organisation-wide but only taken up in certain regions and countries. Together they contribute to an advisor and LCB population that is gradually developing a shared understanding and language about what is needed to facilitate and effectively guide complex multi-actor processes towards clear outcomes in a specific sector. It is a continually evolving process and some regions, countries and sectors move faster than others.

Some of the learning and HRD approaches that have contributed include the following:

1. In recruiting advisors, SNV gives equal weight to process and technical abilities in the interview and selection process.
2. Introduction processes for advisors have been systematised and cover a basic introduction to the policies that inform SNV practice. New advisors therefore learn that a systemic approach, multi-actor processes, governance etc. are a core part of SNV practice
3. For new advisors, an action learning programme (2.5 day residential programme with work-based assignments in between and opportunities for peer-to-peer learning), provides a setting for advisors from across a region at different levels to learn the basics of SNV's approach. The use of respected seniors and knowledge network leaders as resource persons on these programmes help to share tacit learning and discuss dilemmas that come up in practice.
4. Coaching and mentoring are more actively promoted. This is done either as part of the design of a structured learning programme (advisory practice or sometimes as part of specific sector knowledge programmes) or as learning processes by themselves. Some teams have succeeded in establishing good mentoring links between seniors and juniors while others have developed innovative individual and team coaching practices. Not all teams do this in a consistent way yet.
5. To support the development of common language and consistency in approach, a digital 'knowledge map' of tools, methods, conceptual explanations and frameworks in our practice (especially those that cut across sectors and inform SNV's way of consulting), is being developed and added to from daily practice. It is referred to as the 'SNV Way' and is slowly gaining recognition. It will soon be linked to the curriculum of the advisor programme referred to in point 3.

6. Two years ago, SNV revised its performance appraisal system and increased attention to behaviour alongside “hard” targets. The behavioural aspects are based on 5 Core Characteristics expected of staff. These characteristics were developed from a consideration of what behaviours and personal leadership are needed to support others to ‘unleash’ the capacities they have within. SNV believes that its external practice should also be demonstrated internally. This decision has been generally well received so advisors also get feedback on soft capabilities when they are appraised (see annex 11 for SNV’s core characteristics).
7. Advisory teams, especially at portfolio team level, are encouraged to invest in time for reflection (home days) where advisors of different level share their cases and learn from each other about what works, what does not work and why. These exchanges are critical for sharing and explaining tacit knowledge.
8. Adopting Action Learning as a core methodology that informs the design of internal learning programmes, encourages the use of practice as a basis for learning alongside more traditional approaches, and provides space for reflection and critical questioning of approaches. In the more formal aspects of learning programmes, there is increased reference to systems thinking and systematic introduction to specific methods like VCD facilitation and other sector specific methods that require working with multiple actors.
9. In the last 3 years, SNV knowledge networks have developed at regional and corporate level in all sectors and this has contributed to sharing of approaches and connecting advisors better to each other in order to pass on valuable skills and knowledge. The quality is not consistent yet, but there are some examples of good practice that can be spread to others.
10. The encouragement of case writing means that hundreds of ‘stories’ have been generated for each sector and region. These provide insights into the different practices and when they are effectively promoted, cases draw attention to a particular situation. Deeper questioning then helps the advisors involved to explain what they do better. Of course this sometimes reveals flaws as well but that is all part of learning.

Delivery channels

Originally, SNV categorised its ways of working under the new strategy into four delivery channels: (1) advisory services, (2) knowledge brokering, (3) advocacy, and (4) “local capacity development facilities” (LCDF). Advocacy, however, is a very small activity for SNV; as a knowledge-based capacity development organisation it leaves most advocacy agendas to its local clients or to others. In practice, knowledge brokering strongly intertwines with advisory services. That is why in practice, SNV currently uses two dominant methods: advisory services and LCDF. A first set of six LCDFs is currently under development in six countries. This is planned to expand to some 15-20 initiatives in 2011-2012. LCDFs are implemented in partnership with other local and international actors and managed and governed outside the regular SNV organisation.

SNV’s processes

Over the period 2000 – 2006, SNV’s thinking with regard to its new core business and the corresponding change of its advisory practices (also called “primary process” within SNV) evolved. As a variety of approaches and solutions were developed in the different countries and regions, the need for a common approach, corporate guidance and jargon emerged. In an effort to arrive at a shared understanding of SNV’s primary process the “Triple AAA model” was developed.

Triple AAA refers to the cyclic process of analysis and planning, action and monitoring, assessment of results and evaluation at all three primary process levels, namely strategy,

client, and assignment. Each of the three cycles represents a learning cycle in which plans are drawn up, implemented and reviewed. The strategic level refers to strategies at country and sector level. The client level refers to actual interaction with clients or client groups formalised in MoUs, and the assignment level refers to the implementation of activities of MoUs, which are formalised in assignment agreements.

The SNV corporate standards for its primary process were further clarified with the production of “SNV Managing for Results 2007-2015: Policy Framework” (SNV, 2007). A triangular model for the purpose of assessing results was introduced as *prove, improve and move*. “*Improve*” means to learn from results, so learning is identified as a high level purpose of results management. Learning is to be fostered by systematic reflection on results (in the form of evaluation reports, case studies, MoU/assignment reviews) and is seen as a joint process involving line management, advisors and clients.

3.4 Present policy in perspective

SNV was founded in 1965 as a volunteer organisation sending out Western expertise to developing countries. Originally its philosophy and way of working focused on the person-to-person interaction between cultures and the transfer of skills and experience. The standard was one of individual advisors working with counterparts and target groups in rather technical fields, like vocational training, physiotherapy or agricultural extension. Since the late 1980s, SNV has stimulated a development towards projects, i.e. more multi-faceted efforts to influence the development in marginal areas. SNV has developed its own policy, programmes and approach geared towards empowerment of poor and disadvantaged people.

In 1996 SNV re-formulated its commitment to technical assistance as its core business. It defined four product groups: “capacity building”, “project implementation”, “mediation” and “service provision for Northern organisations”, reflecting the growing complexity of its work. Programmes were geographically concentrated in marginal areas in SNV’s countries of operation. The coherence of the different activities that were implemented in these areas was strengthened, adding value in the process. Flexible types of assistance were introduced, which, for example, enabled one advisor to serve more partner organisations. More emphasis was put on its mediating role between the different development actors (government, non-government and private sector) and on linking local organisations to actors at other levels in their countries, regions, or in the North.

SNV’s 2000 strategy signalled a major shift from the implementation of projects to advisory work. Convinced that the intertwined provision of technical and financial assistance would not stimulate the creation of ownership of the development process by key stakeholders, SNV abandoned the implementation of projects because this put it too much in the driving seat of development.

As one of the cornerstones of the 2000 repositioning strategy, SNV explicitly defined meso level organisations, both government and non-government, as its principal clients. The following arguments underlie the choice of meso level organisations:

- Meso level organisations play a crucial role in sustainable poverty alleviation.
- Meso level organisations usually have limited access to support.
- Over the years SNV has developed considerable experience in working at the intermediate level. It was logical to capitalise on these experiences and this expertise.
- For reasons of effectiveness and efficiency it is more appropriate for SNV to have its focus at the meso level rather than at the micro or macro level.

Another main element of the strategy was that SNV defined local capacity builders as its second group of clients.

Table 4: Changes in SNV's CD policy in 2000

<i>From (before 2000)</i>	<i>To (beyond 2000)</i>
<ul style="list-style-type: none"> Working for funding agencies and all kind of partners A focus on input: advice/project management What partners need Local presence Reduce poverty Wide range of themes 	<ul style="list-style-type: none"> Working for meso organisations and local capacity builders A focus on outcome: CD of the client What clients want Local presence Develop local organisations capacities to fight poverty and improve governance Selected themes

Within the framework of capacity building, SNV chose to focus on support in two areas: organisational strengthening and institutional development. The services provided by SNV were characterised as demand-driven and client-centred. SNV further sharpened its thematic focus in subsequent years. In thematic areas such as local governance, natural resource management and private sector development, capacities of concerned organisations were strengthened and field level realities linked with policy and institutional development. The main changes in 2000 are summarised in table 4 above.

Table 5: Overview of key developments in SNV's strategy for 2007-2015.

<i>From (before 2007)</i>	<i>To (beyond 2007)</i>
Capacity Development	Capacity development for impact
Client demand	Client demand and selection in context of impact orientation and national development strategies
Advisors	Mix of advisors, consultants and local capacity builders
Governance as a specific practice area	Governance for empowerment as central concept and expertise, influencing SNV's work at all levels and areas
One way of working: advisory services	Advisory services, including a knowledge brokering component and LCDFs
Individual clients, focus on internal organisational development	Clients and client groupings, seen as part of actor constellation and with focus on impact
'Practice areas' for external profile and strategising as well as internal knowledge development	Positioning choices in Basic Services Sectors and Value Chains on the one hand and 'flexible knowledge networks' on the other
SNV service its clients mostly on its own	Collaboration with local capacity builders, knowledge and advocacy organisations, donor agencies and other partners to increase impact
Results measurement focused on SNV output and client satisfaction	Sharpened result orientation: impact outcome in terms of client performance and quality of outputs
DGIS funding over 95%	Deliberate effort to leverage resources for greater impact

Around 2005, a number of key experience and lessons on the CD approaches used so far became clear:

- It was acknowledged that the demand orientation risked becoming too simplistic. SNV was doing too much of its work because clients asked it, without sufficient strategic direction or underpinning.
- The focus on individual organisations appeared to have limits in terms of effectiveness. Hardly any development issue can be resolved and addressed by a single actor.
- Standard instrumental OD interventions appeared to have insufficient impact on clients' actual external performance.
- Overall, the impact orientation of a considerable part of the activities was considered relatively weak.

- The sustainability of CD services to local actors was questioned

The above experiences and insights informed the 2007-2015 strategy “local impact – global presence”, which put more emphasis on impact orientation, sector choices, multi-actor engagement and the strengthening of local service environments. The 2007-2015 strategy reconfirmed the importance of CD, local ownership and working with meso level clients.

Table five above gives an overview of the key developments in SNV strategy for the period 2007 – 2015 (see also 3.1, 3.2, and 3.3).

3.5 Analysis and conclusions

Analysis

The analysis of Chapter III follows the three areas as proposed by the IOB format: (1) the relationship between general development objective and objectives of CD support; (2) the theory of change regarding CD, and (3) CD products and processes.

Relationship between development objective and CD objectives.

The shift in policy noted in 2000 started a stronger focus on capacity development of clients, especially meso organisations and local capacity builders. Since 2007, SNV has strengthened the relationship between its development objective and CD objectives. All CD efforts are now executed with a clear impact objective in mind and preceded by an assessment of their relevance for potential impact. The Triple AAA model is a flexible tool to check the links between overall strategic objectives, client selection and choice of specific CD activities. The actor constellation map and underlying analysis of dynamics, opportunities and bottlenecks is a relevant tool when applied in a participatory way with actors during change trajectories.

The widening understanding of CD, including the facilitation of MSPs, emerges as a relevant development in SNVs practice over the last years. It increases the direct link between CD intervention strategies and instruments, and the achievement of development results. The CD understanding became more action oriented and less input driven. The CD policy and interventions shifted from preparing and equipping actors to change (typically by training) towards support interventions embedded in a process of change.

Theory of change regarding capacity development

SNV’s experiences and approach suggest that the basis for change is often determined by the pattern of interactions between actors. Though not explicitly postulated this seems to assume that ‘agency’ in the sociological sense of the word, the ability to effect change, is often located in multi-actor relationships. The capabilities of individual actors remain important, as do the institutional “rules of the game”. The ToC regarding the development of capacities which emerges from the policy reconstruction (especially paragraph 3.2) assumes that the room, opportunity and abilities for change are often determined in the dynamics between the actors concerned.

The ToC of SNV sees change as a non-linear process, which implies that much of the CD process cannot actually be planned. CD can have a strong strategic direction, but it needs high levels of flexibility and adaptation to emerging dynamics and new external or internal factors. The policy on CD points to the importance of ‘responsiveness within a direction’, and readiness to adjust that direction when needed.

Another element that SNV stresses is that supporting real change usually requires a combination of business or sector knowledge and change or CD expertise. Over the years

SNV has sought to balance these two elements. This also has implications and opportunities for embedding CD capacities in the actor constellation of value chains. The concept of ‘CD service environments’ is interesting and appears to be relevant.

CD products and processes

SNV has a special position among development agencies in the sense that its staff operate as CD advisors and therefore engage more directly with the CD process than most other international development organisations. SNV offers advisory, knowledge and facilitation services. The products and processes described in this chapter illustrate a CD approach that is oriented to open human systems like value chains. SNV distinguishes between different components within capacity that resemble the five C (paragraph 3.2). These distinctions are not fixed but adapted to local realities. CD as applied by SNV also addresses different ‘levels’ of human systems, such as individuals, teams, organisations, networks or sectors. The CD process requires facilitation with a delicate balance between neutrality versus result-orientation.

The development story of SNV itself described in this chapter is interesting from a capacity development point of view. Where it started, where it is now, how it got to where it is, and what challenges it faces now. There is much to be learned from its journey of learning about how to develop capacity both within the organisation itself and in the relationships with those it serves.

Conclusions

The following conclusions can be made:

- As a result of policy changes within SNV, CD understanding became more action-oriented and less input-driven. The stronger impact focus made the CD support more results-orientated.
- The overall coherence and strategic direction of SNV’s CD approach and methods has matured over the last 10 years.
- SNV looks at different dimensions or elements of capacity that resemble the five C model, but are adapted to local realities.
- CD addresses different ‘levels’ of human systems, such as individuals, teams, organisations, networks and sectors.
- There was a separation of CD support role from financing role.
- Human resource policy and support has developed in line with the required skills and competences of facilitators working with multi-actor constellations like value chains.

IV. Analysis and lessons learnt

This chapter compares the evidence as described and analysed in Chapter II with the policy, theory of change and CD products and processes of SNV as described in Chapter III. Analysis and conclusions are presented in three areas: (1) the effectiveness and efficiency of SNV and LCB contributions, (2) lessons on capacity development in value chains and (3) the five capabilities framework. Each paragraph starts with a main conclusion, which is detailed in the text afterwards.

4.1 Effectiveness and efficiency of SNV and LCB contributions

Main conclusion

SNVs CD support to the three value chains has been effective and relatively efficient as well. The approach applied has promising potential and is exploring new ground in CD of multi-actor systems and of VCs in particular. Learning and methodology development is still on-going. Several points for improvement of the approach and the quality of CD work are suggested.

Detailed conclusions on effectiveness and efficiency of SNV and LCB support

In paragraph 2.4 the effectiveness question is discussed (evaluation questions 3 and 4). SNV's CD support to the three value chains has been effective and relatively efficient. The applied approach shows promise and explores new ground in CD of multi-actor systems and of VCs in particular. Learning and methodology development is ongoing. This evaluation concludes the following on SNV and LCB:

- The available material and evidence indicate that SNV's CD assistance was quite effective. SNV made a significant contribution to capacity growth of individual actors, to the collaboration between actors, and the functioning of sector institutions, policies and regulatory frameworks.
- According to the VC actors, SNV support (including LCB engagement) was essential for these achievements. In all three cases, VC actors greatly appreciated the CD services provided by SNV. VC actors rated the interventions of SNV as very effective compared to similar interventions.
- Inputs by SNV required between 250 and 500 advisory days per year for national level VC facilitation (Ethiopia, Uganda) and around 130 advisory days per year for meso-level facilitation (Kenya, with linkages to national level). Given the duration and size of engagement with the three value chains, there have been commendable achievements in capacity gains. In relation to the results obtained, one can conclude that the efficiency was fairly high.
- In conclusion, the support provided by SNV and associated LCBs was effective and efficient (cost/benefit in terms of volume of support provided versus amount of actors influenced and related outcomes).

Key factors that explain the effectiveness and efficiency:

Our analysis suggests that the following key elements contributed to the effectiveness and efficiency of SNVs work (ref. 2.4 for more elaborate treatment of these points):

- SNV is different from most other Dutch development partners in that it has in-country presence and engages directly in client CD processes. Its deliberate choice of an advisory, knowledge brokering and facilitative role allows it to develop the approach reviewed in this evaluation. It is important to note that this approach probably should not be adopted by actors that have a significant financial relationship with local actors. Financing and CD support cannot be easily combined. The evaluation team considers SNV's role choice to be relevant. It forms a basis for its ability to do the quality of work shown in the three cases.

- Reasons cited by VC actors for the effectiveness included: good time management, effective communication, high level of commitment, high level of mobilisation, capacity to lobby funds, choice and use of LCBs, and introducing new initiatives like the establishment of the Rural Information System.
- SNV particularly strengthened the capabilities *to achieve coherence* and *to relate* (relate both within the VC as well as between VC actors and external actors). The cases illustrate that this was critical in building capacity for collective action.
- All three cases started with a careful analysis of the context and the VC actors. These analyses were shared and deepened with VC actors and constituted the basis of VC development.
- Carefully combining support at different levels (individual actors, relationships and collaboration between VC actors, addressing the VC institutions, policies and rules) seems to result in improved 'system dynamics', which are greater than the sum of the individual support activities. A focus on the abilities to relate and to achieve coherence seems to create trust and reliability that 'unleashes' dormant or potential capacities within actors.
- Through a strong emphasis on generating and sharing information, SNV strengthened the VC actors' competence to deal strategically with the context, with each other and with external actors.
- Intervening where there is energy for change but also addressing issues that really hurt ('the points of pain') was an important principle. In all three cases, SNV acted as a catalyst in situations where the potential for self driven initiatives already existed.
- SNV facilitated connections between VC actors, thus enhancing trust. Ownership still remained with VC actors, but facilitators from SNV brought in proactive initiatives that turned out to be critical for VC development. SNV is developing interesting and significant professional experience in this respect. An interesting example are SNV's five behavioural characteristics, which the organisation uses in staff selection and development: 'leads from the middle', 'is a relationship builder', 'has an attitude of inquiry', 'is a straight talker', and 'takes responsibility and is accountable for impact' (see annex 11).
- SNV and LCB staff involved in VC development combined both content (technical VC) and change management expertise. Another key factor in the success was SNV's support via flexible teams, which combined intelligence and activities at local, meso, national and international levels.
- The combination of different forms of CD services was another key ingredient. LCBs tend to bring in external expertise. SNV support services often respond concretely to actors' business needs and are not abstract organisational inputs.
- The evaluation team remarked upon SNV's commitment to articulating, documenting and improving its practice. The three cases demonstrate SNV's experimental learning in how the VC development concept can be applied in practice. The experiences allow for up-scaling and practice is feeding into re-conceptualising VC development.

Areas for improvement

The study found a few areas where SNV could enhance its CD policy and practice for value chains. In particular, improvements can be made by providing more direction and improving practice with regard to the following elements:

- Learning exchanges on different value chain development activities within countries and regions can increase. This is expected to enhance effectiveness.

- Provide stronger guidance on documenting power issues and strengthen the analytical skills of SNV and LCB staff and VC actors to analyse and deal with power issues (ref. 2.4).
- Analyse the distribution of benefits from VC development more explicitly and elaborately. SNV can also better analyse its own role and approaches in negotiating and influencing a more equitable distribution of benefits, keeping with the organisation's pro-poor focus (ref. 2.4).
- Being aware of opportunities for strategic gender role changes. Caution has to be taken: no research was carried out into what gender role changes would entail in a structural sense (2.4) in any of the three cases.
- How to enhance the strategic competence of VC actors to analyse and monitor contextual factors that might hinder or support the VC. This includes strengthening the monitoring and evaluation practice in value chains in terms of tracing what systemic effects take place at the level of gender and poverty.
- A stronger role in sharing lessons and in external discussions on why and how systemic changes in value chains contribute to sustainable poverty reduction.
- The engagement of capable LCBs and how this can be addressed with other national and international organisations within a sectoral 'CD service environment' framework. The cases illustrate that building a 'CD service environment' requires harmonisation with other international organisations that support the sector.

4.2 Lessons on capacity development in value chains

Main conclusion

The multi-actor CD approach used by SNV in these three cases goes beyond conventional capacity development. The SNV experiences and the analysis of these in this report point to important broader lessons and challenges for organisations that wish to undertake or support capacity development of multi-actor systems. SNV can play an active role in nurturing such broader professional discussions.

Exploring new terrain

Much conventional CD focuses on training and OD, seems to be oriented on internal arrangements and skills, and is 'input oriented' in its way of working. In contrast, the CD approach seen in the cases of this evaluation works actively with and between multiple actors, combines sector knowledge with change expertise, and is largely driven by change dynamics and outputs, rather than by input. The cases reflect a growing understanding of what it takes to support and facilitate a form of CD that is impact-oriented and at the same time works flexibly and responsively with the multi-actor dynamics usually required to address development challenges. In certain ways this practice is ahead of SNV's own theory.

Key lessons:

- CD strategies that address different levels and angles of intervention at the same time are effective in stimulating shifts in dynamics in multi-actor systems like value chains.
- Such approaches require clear impact orientation, an analysis of market opportunities and constraints, and an integration of sector knowledge and change expertise. Flexibility and responsiveness of support services are essential. It is the energy and the 'points of pain' of local actors that drive the process.
- Acknowledge that interventions in relationships and coherence are often more effective than isolated impulses within internal systems or in policies. If well embedded in other forms of support, MSPs can be pivotal interventions to drive multi-actor system CD processes.

- A pro-active, facilitative approach is an essential ingredient. The cases reveal the range of elements, balances and attitudes that such a facilitative approach requires. Trust and credibility need to be gained in practice.
- A range of service providers is required to diversify expertise and support services. Learning and coordination between different support activities needs to be organised. Engagement of local providers helps to increase outreach and scale, to provide the range of expertise and services needed and, particularly, contributes to an on-going 'CD service environment' that structurally strengthens the sector and sustains its ability to change and innovate.
- When a multi-actor, multi-level approach works, it starts to generate dynamics and resources as well as forms of support within the system. Co-investment is therefore an essential ingredient.
- Some funding for innovation and experiments is often required in this type of CD process, but the use of these can often be strongly controlled by stakeholders through MSP-related mechanisms. Separating CD support from the investment drive of major donors or governments is recommended for the quality, effectiveness and responsiveness of the CD process.

Challenges and possible orientations for actors wishing to support CD dynamics in VC and similar multi-actor settings:

- Donors should give CD support actors room to act independently of investment processes and strict programme planning.
- CD organisations should refrain from setting inflexible CD priorities and activities but learn to follow the energy and 'points of pain' of local actors.
- In sector analysis, actor mapping and analysis of relational dynamics with regard to key opportunities needs to be improved.
- CD support must be flexible and responsive, deliberately addressing and linking various levels and actors.
- Use and combine multiple sources of expertise and services, including hidden sources within the system.
- Encourage co-investment by VC actors themselves in capacity development.
- Determine one or a few lead support actors that facilitate learning and collaboration across support processes.
- Identify and invest in professionals that can provide the required 'facilitative' quality and combine that with specific sector expertise. There are important professional development perspectives and challenges in this sphere.
- The practice emerging from the three cases illustrates that scaling, quality improvement and phasing out strategies should be contextualised and piloted. SNV and other actors interested in CD for multi-actor constellations will need to reflect on how their role can be gradually taken over, how they can leverage their own support, move to higher added-value roles and how they can leave a more sustainable CD service environment. This will also need to address the implications of current subsidised services versus future paid services, while recognising that (as these cases also show) the market often does not pay for addressing systemic challenges that have no short-term financial gains but are nevertheless essential for solving bottlenecks and achieving pro-poor results at scale in the medium term.

4.3 The five capabilities framework

Main conclusion

It appears that the five capabilities framework has a good potential but it needs more development.

The five capabilities framework turned out to be demanding in terms of its application. A number of observations can be made based on the experiences in this evaluation:

- The five dimensions made considerable sense to practitioners. However, they remain highly abstract and there is some confusion as to whether they are indeed specific capabilities or also emergent qualities.
- The framework could become stronger by articulating an underlying theory of inter-relatedness of the capabilities and allowing system dynamics to be captured.
- There is a danger of ‘ticking boxes’ as with many diagnostic frameworks. At the beginning of this evaluation we encountered the danger of orienting and influencing analysis and conclusions away from what really happened on the ground. The combination with storytelling proved to be helpful.
- CD efforts to strengthen individual competences were a component of SNV’s CD work. The five C framework as applied in this evaluation focuses on capabilities of VC organisations and the capacity of the VC system as a whole. The inter-relatedness of competencies, capabilities and overall capacity seems to be an area for strengthening the framework, with the objective to reach an understanding of the processes behind the development of all three. This would include the transition from individual competency to collective capability.
- Getting to grips with the concept of capacity proved to be challenging. The VC actors tend to define CD in terms of training and human resources, with little attention to motivation or relationships, for instance. Capacity as used in this evaluation is a systems concept with aspects that belong to the system as a whole. In the cases it was not always easy to distinguish between capabilities and overall system capacity. It might be that for VC actors the distinction between capabilities and capacity is not useful or important.
- The five C model was designed as a monitoring framework. It has been used in this study as an evaluation framework. Judging its full potential as a monitoring framework was not possible as the VC did not integrate the five C in their baseline and programming.

V. Epilogue

This evaluation took place at various events during a period of almost one and a half years, from the general IOB CD evaluation start-up in early 2009 to the submission of this synthesis report in summer 2010. The learning journey was made with VC actors from three VCs. Other actors engaged were SNV representatives from the three countries involved, the ESA region and head office in The Hague, the Reference Group, the IOB and colleagues from the other six evaluation studies.

It has not always been easy to combine the different perspectives and expectations. Firstly, the five C model is a new model. Secondly, conceptual and methodological discussions on how systems like value chains operate and can be analysed are not a common practice among most of the VC actors we have met, but also not common practice in the Netherlands. Definitions of value chains and models of how to analyse value chains differ considerably, both in theory and between the VC actors we have met in the three countries. Thirdly, the seven parallel studies produced seven inception reports, seven synthesis studies, 25 field cases studies (all three types of reports in draft and final versions) and various methodological notes. These were valuable inputs, but could not all be covered in detail due to the large amount of material.

Nevertheless, the evaluation team feels that the effort was more than worthwhile. This specific study of SNV cases has illustrated a CD practice which is rich in experience and where practitioners are open to sharing results and insights, and eager to improve. We have tried to offer an analysis that carefully and respectfully reflects the major insights that have emerged from the case studies. We are grateful for everybody that has joined us in this learning journey.

Annex 1. Methodological feedback

Use of the five capabilities model

Evaluation of CD by itself is an abstract and elusive work as capacity does not have concrete units of measurement. The five capabilities provided an abstract conceptual-level framework. Starting from the kick-off workshop, a difficulty encountered was how to concretely show to the audience what each capability area covers and how each of them is distinctive. VC participants in all three case studies could, however, fairly easily identify indicators for each of the capabilities. These indicators turned out to have considerable overlap with the indicators identified by the IOB.

After calibration by VC representatives of the five C model, it was the intention to apply the LAST³¹ model for monitoring purposes. The five C model was “grounded” in its own concepts and terms by VC participants during the three start workshops. VC representatives selected relevant indicators for each of the five capabilities. But it was over-ambitious to monitor also changes in capabilities together with VC actors, as the period of study was too short. For evaluation purposes, however, it made it practical for respondents to reflect on concrete changes in capabilities that were achieved since SNV entered the VC constellation (ref. Annex four Ethiopia report; Annex seven Kenya report; Annex six Uganda report).

The five C model turned out to be hard to conceptualise and difficult to apply for the evaluation team, including national consultants, the latter all having a Value Chain background. The use of the model in the initial stage had a tendency to become dominant, hindering learning from evidence. Storytelling combined with Write-shop methodology proved a useful and complementary way to deepen understanding.

Figure one (page eight) shows the five capabilities, with the capability to deliver in the centre. Analysis of the five capabilities in this study clearly shows the close relationship between them. As a central capability, integrating the four others, the capability to achieve coherence could be placed in the middle. The capability to deliver on objectives seems to be dependent on the other capabilities and can therefore better be visualised to the right side of the five capabilities, linked to output and outcome in the right of the Figure one.

The five C model was designed as a monitoring framework. It has been used in this evaluation as an evaluation framework. Judging its full potential as a monitoring framework was not possible as the VC did not integrate the 5 C in their baseline and programming.

The level of CD efforts to strengthen individual competences was an important component of SNV’s CD work. The five C framework as applied in this evaluation focused on capabilities of VC organisations and the capacity of the VC system as a whole. The combination of competences with capabilities and overall capacity seems to be an area for strengthening the framework, with the objective of reaching an understanding of the processes behind the development of all three. This would include the transition from individual competency to collective capability.

Getting to grips with the concept of capacity proved to be challenging. The VC actors tend to define CD in terms of training and technical skills with little attention to motivation or relationships, for instance. Capacity is a systems concept with aspects that are system wide or that belong to the system as a whole. It has independent qualities of its own. In the cases,

³¹ Bond, R. and Mukherjee, N. (2002) Livelihood Asset Status Tracking. An impact monitoring tool. IDPM Un. of Manchester, UK

it was not always easy to distinguish between capabilities and overall system capacity. It might be that for VCs the distinction between capabilities and capacity is not useful or important.

The five dimensions made considerable sense to practitioners. However, they remain highly abstract and there is some confusion as to whether they are indeed specific capabilities or also emergent qualities.

The framework could become stronger by articulating an underlying theory of inter-relatedness between the capabilities and allowing system dynamics to be captured.

There is a danger of ‘ticking boxes’ as with many diagnostic frameworks. At the beginning of this evaluation we encountered the danger of orienting and influencing analysis and conclusions away from what really happened on the ground. The combination with storytelling proved to be helpful.

Despite these shortcomings, overall, the five C model proved to be a helpful tool for reporting on changes in capabilities within the three case studies. The five C framework appears to have much potential but needs more development.

Analysing systemic elements of value chains

In a system where actors and factors are so many, it is not easy to identify which actor or factor has affected which result and which result is obtained because of whose contribution. The VC actors themselves do not apply the term “system”, but refer to “MSP” or “sector”. This has, on occasions, complicated interviews when dealing with systemic elements of the VC.

Input-output-outcome logic

Most VC actors and also the national consultants are used to input-output-outcome logic that resembles terminology used in the Logical Framework Approach (LFA). LFA conceptualises outputs as short-term deliverables and outcome as the use of deliverables by intended beneficiaries. The conceptualising in the three case studies to analyse outputs as changes in capabilities as a result of CD services (inputs), resulting in a changing overall capacity by the VC (outcome), has not been easy to apply³².

³² Impact level is not included in the IOB studies

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VC actors Ethiopia contacted during the data collection exercise

Person(s) or group contacted	Organisation	Position/role in organisation	Contact details
Abu Negesso	East Shewa Beekeepers Association	President and ECG member	Not available
Afewerk Yohannes		Honey Value Chain Facilitator	becad@ethionet.et
Ayalew kassaye	EBA	Vice President	ayalewkassaye@yahoo.com
Brihanu Amsalu	W. Gojam Honey Producers Cooperatives	Union Manager and CG member	Not available
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Dessie Adane	W. Gojam Honey Producers Cooperatives	Union Board Chairperson	Not available
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Gezehegn Taddesse	MOARD-Extension directorate and Apiculture	Board member	tgezehagn@yahoo.com
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Mohammed Abass	The Chief Executive	Kenya Livestock Meat Council (KLMC)	klmc@livestockcouncil.org
Mukelima Johnson	Council Member	Chepararia Council	Kapenguria
	K-Rep Bank Credit Officer	K-Rep Bank	Isiolo Town, K-Rep office
Thomas Were		SNV	twere@snvworld.org
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Ibrahim Abdalla	Programme Officer	SIDEP	Sidepo1@yahoo.com Tel: 0722614196
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Julias Lekipila		Lolkunyani Market Committee	
Motongu Lewato	Producer	Lolkunyani Market	
Kinet Kenos	Member	Town Council of Chepararia	
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Lenyakopiro William		Samburu County Council	lenyakopirowilliam@yahoo.com
Julia Ekong	Senior Advisor	SNV Regional Office for East and Southern Africa	jekong@snvworld.org

VC actors Uganda contacted during data collection

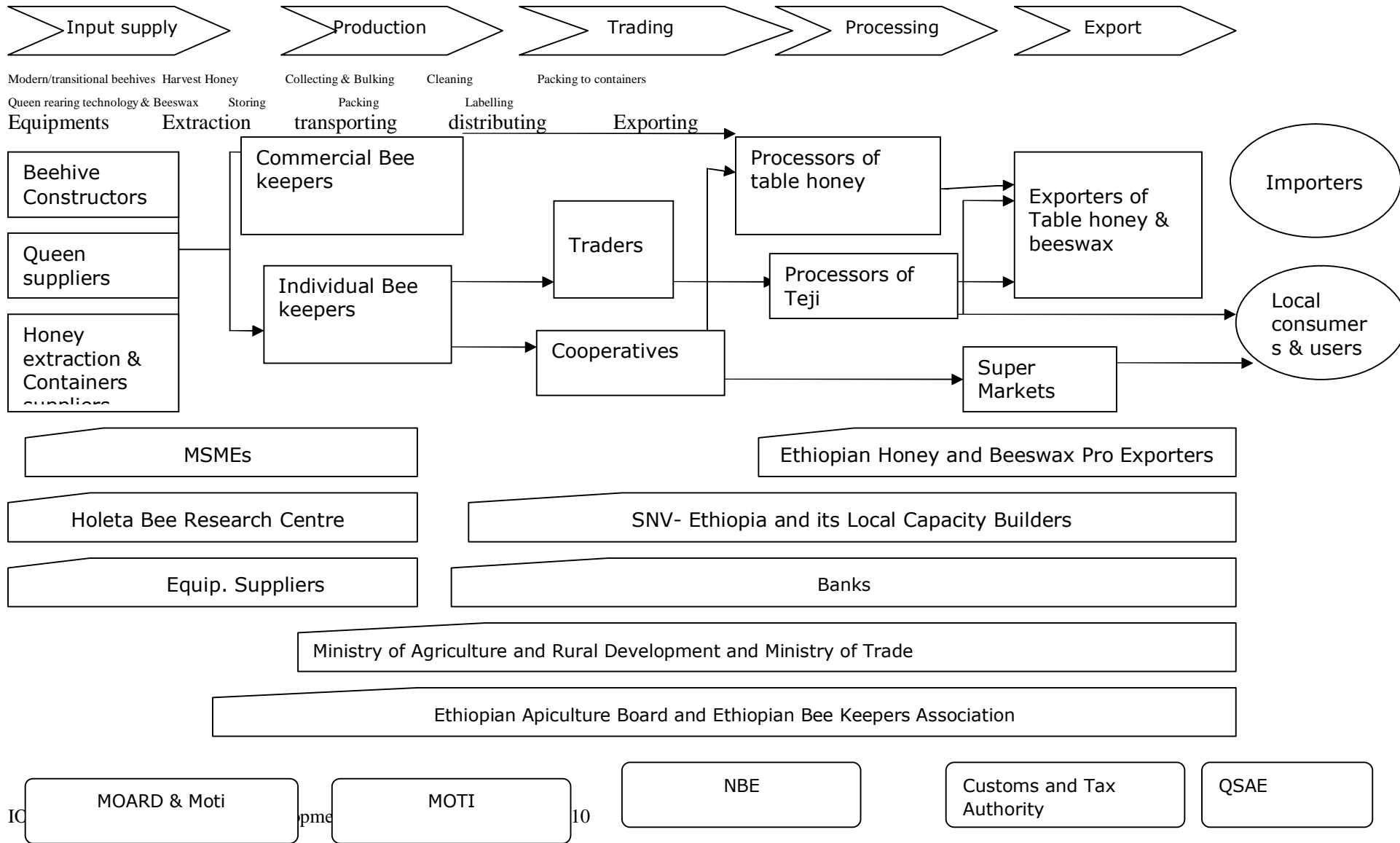
Person(s) or group contacted	Organisation	Position/role in organisation	Contact details
Peter Otim Odoch	UOSPA Producer umbrella organisation	Executive Director	oilseed@utlonline.co.ug
David Luseesa	Mukwano Industries Ltd.	Extension coordinator	david.l@mukwano.com
Norah Ebukalin	P'KWI (PO)	Chairperson	lifteso@yahoo.com
John Ariko	Nile Pro & W. Nile MSP LCB/R&D/MSP facilitator	Director	ojariko@yahoo.com
Duncan Mwesige	SNV - Eastern	Staff	dmwesige@snvworld.org
Marieke Van Schie	SNV - Rwenzori	Staff	mvanschie@snvworld.org
Peter Abong	VODP (Government)	Researcher oilseeds	peter_abong@hotmail.com
Small group discussions			
Several people	SNV	Staff	dmwesige@snvworld.org
Several people	Mukwano (Private sector)	Extension workers	david.l@mukwano.com
Several people	Rwenzori MSP	members	mvanschie@snvworld.org
Discussions in MSPs			
Group discussions	Rwenzori MSP	Members	mvanschie@snvworld.org
Group discussions	Kumi/Bukedeya MSP	Members	dmwesige@snvworld.org

Annex 3: Methodologies and major steps followed by the SNV-IOB evaluation

No	Main activity	Sub activities	Methodology to be used
I	Preparatory stage		
1.	General issues	Formulation of inception report Policy reconstruction Selection cases Further development of evaluation framework	Review of documentations Interviews with representatives from SNV Dialogue with IOB and SNV representatives Meeting Reference Group Meeting general RG
2.	Preparation of field work	Formulation of ToR for each case Selection of local experts Arranging logistics cases	Study of case documentation Consultation with value chain members and SNV
II	Kick-off workshops	Sub activities	Methodology to be used
3.	Preparatory visits to key actors in the value chain	Reconstruction of past CD experiences in the value chain Preparing the workshop Checking who are the key VC actors	Sharing of analytical frameworks for assessing CD Reconstruction of actor mapping at the start and review of selection processes on involved actors Preparation of timeline
4.	One day orientation and methodology workshop	Reviewing evaluation questions and related set of criteria, indicators, sources of verification and methodology Agreement on survey and actions to be taken	With the LAST methodology participants will construct “word pictures”: a set of locally-relevant concepts and criteria which describe capabilities in their own wording. Most Significant Change and reconstruction timeline Group discussions Visual mapping of the ToC and make assumptions explicit.
5.	Complementary visits	Obtaining points of view from those that could not be present Checking with external resource persons Preparing survey and check on data collecting methods during survey in next phase Agreeing on case reporting format and timing of reporting, documentation of findings	Visits to actors that could not join the workshop (potentially: government, media, producers, researchers, transporters, etc.) Triangulation by requesting external people to reflect on results from the workshop Preparing survey with local consultant

III	Survey	Sub activities	Methodology to be used
6.	Collection of data by national consultant	Interviews with stakeholders in the value chain, including beneficiaries Exploring documentation from the value chain E-coaching by the involved Dutch/African consultants Processing data Triangulation through interviews with third parties and comparison with information from secondary sources	Data collection from the value chain actors will as much as possible follow already established processes in order not to request substantial additional time and resources. The “word pictures” for the five capabilities and variation within capabilities will serve as a guidance to assess capacities and changes in capacities. Feedback in focus group discussions (producers, retailers, quality controllers, etc.) to develop wider evidence base
7.	Reporting on case	Reporting on data collected according to the four main evaluation questions	Report with IOB case format
IV	Concluding Workshop	Sub activities	Methodology to be used
8.	Interpretation of data from the survey phase in 3 days work shop	Preparation of the meeting with documentation from the survey and additional activities to collect data if data is missing Analysis of data Distillation of main issues and lessons learned Feedback on the draft case study reports Exchange between cases on differences and commonalities	Joint learning workshop with representatives from 3 value chains, SNV, resource persons and members of the evaluation team Focus group discussions Feedback from external VC experts
V	Documentation	Sub activities	Methodology to be used
9.	Preparation of the evaluation report	Exchange of draft reports with other IOB CD studies Formulation of the draft and final research report	Meeting Reference Group to discuss draft report
VI	Debriefing and dissemination	Sub activities	Methodology to be used
10.		Presentation report to SNV, IOB, Southern value chain organisations, Dissemination.	Meetings and presentations. Meetings SNV with value chain members

Annex 4: Ethiopian honey VC map (situation 2009)



Annex 5: Uganda overview of primary and secondary VC actors (situation 2009)

(abbreviations: see page 4-5 Oilseeds VC report Uganda)

	Inputs	Production	Transport, bulking and marketing	Processing Distribution and marketing	Distribution and marketing	Consumption
PRIMARY ACTORS	UNADA	UOSPA	NYAKATONZI	MUKWANO	MUKWANO	HOUSEHOLDS AND DOMESTICS CATERING AND INSTITUTIONAL
	MUKWANO	P'KWI	APEF	P'KWI	MT.MERU	
	Victoria Seed Co.	SODIFA	SODIFA	NOUMA (14+)	NILE AGRO	EXPORT-DRC,KENYA AND SUDAN
	SUKUBA ELSHADAI	NYAKATONZI APEAF	NILETRUST MUKWANO	NYAKATONZI KYEMPARA MT. MERU MILLERS	RAFIKI NILE PRO.	CONFECTIONERIES
	UOSPA	NILE BELT	ADFA		SUPERMARKET	
	NASECO	INDIVIDUAL FARMERS(MUKWANO)	INDEPENDENT TRADERS	NILE AGRO	RETAIL SHOPS UGANDA GRAIN MILLERS, DEALERS ASSOCIATION	
	PANNAR		UGANDA GRAIN DEALERS	RAFIKI		
	MONSANTO		ASSOCIATIONS			

SECONDARY NAFACTORS

FINANCIAL SERVICES	USADF, SACCOS, DFCU, EQUITY BANK, POSTBANK, OIKO-CREDIT, STANBIC
R&D QUALITY & STANDARDS	NARO, NASECO, NASAARI, PANNAR, MONSANTO, UIRI, MAKERERE UNIVERSITY, WUR
EXTENSION	UNBS, MAKERERE UNIVERSITY, UIRI, UCE
BUSINESS DEVELOPMENT SERVICES	NAADS, MAAIF(VODP), DLGS (PRODUCTION), LEAD FIRMS, SEED COMPANIES,
POLICY AND LEGISLATION	DPCs, LCBs, Fis, DANIDA, LEAD/USAID, NGOs
INFORMATION DEVELOPMENT PARTNERS	MAAIF, MoF, MoH, MTTI, OSSUP, IFAD, VODP, DANIDA
	MAAIF, FIT Uganda, RIS, RICNET, MOBILE PHONE PROVIDERS, PRINT AND ELECTRO MEDIA
	SNV, DANIDA, USAID/LEAD, ACDI/VOCA, VECO, VEDCO, CARE, FAO, AGRI-PROFOCUS

Annex 6: Overview of VC actors livestock case Kenya (situation 2009)

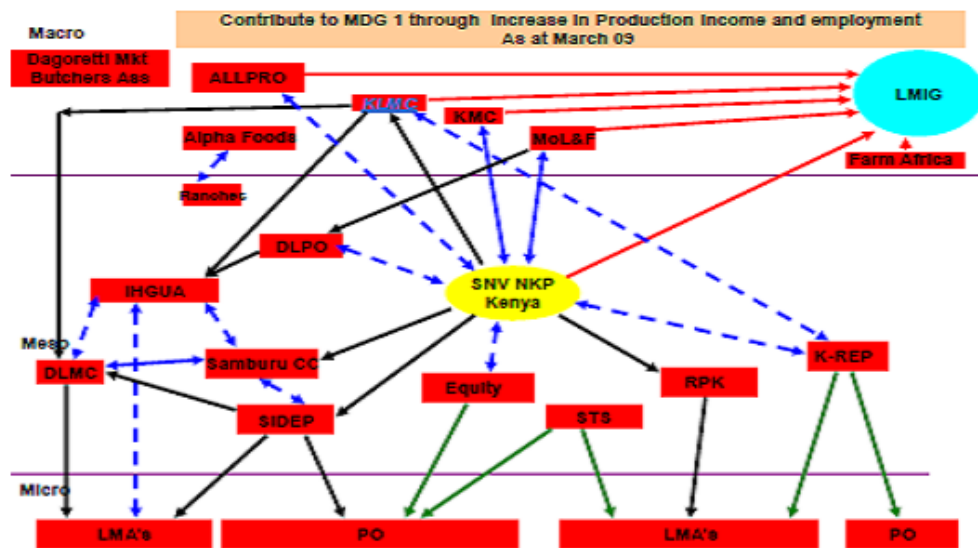
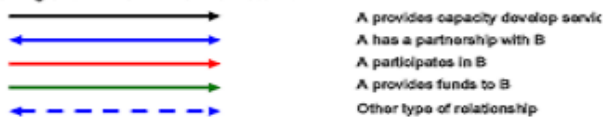
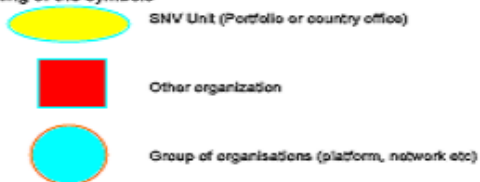


Figure. 1: Livestock VC actor constellation map

Meaning of the arrows in this constellation



Meaning of the symbols



LMIG; - jointly explore constrains within the Livestock Value chain. Currently considering a study on cess collection

Dagoretti Butchers Ass Potential Buyer of animal s from the IHGUA. (The association has had exploratory visits)

Livestock Marketing Associations (LMA) are members of the IHGUA.

SNV NKP is jointly working with K-REP & Equity in livestock Value chain financing through developing products and linking to the producer groups & LMAs

Annex 7: Governance for empowerment in the Honey VC (Ethiopia)

Effectiveness and efficiency: The VC coordination group (CG) meetings provide different actors in the VC with a platform to share information and attend to common issues. Producers are informed about prices, and processors get access to suppliers (of produce as well as inputs). Linkages are fostered between operators. This has led to increased collaboration and better business. The responsive advisory services, technical auditing, training on quality and productivity improvement and organisational management services provided to producers cooperatives and business associations and the B2B relationships development, they all lead to increased effectiveness and efficiency in production and accessing markets. Transactions are being made more easily and their costs are being decreased. Strengthened cooperatives and associations offer better services and membership increases.

Equity, inclusiveness and responsiveness: Quarterly CG meetings are organised, in which all operators and stakeholders who wish to do so can participate: small-scale producers' cooperatives as well as private enterprises, public services and NGOs. CD services are provided across operators, large-scale as well as small-scale. Through the set up of embedded services through out-grower schemes and other contractual or non-contractual fixed relationships, small-scale farmers are included (upgraded) in the VC. Women are not excluded from any activity; on the contrary, SNV tries to look for opportunities to include them as much as possible, for instance through the introduction of improved beehives that are accessible for women. Government is responding by supporting business associations and policy and regulation development (UE accreditation).

Participation and voice: In the CG meetings, all stakeholder representatives are given the opportunity to express their opinion. Participants jointly revise the VC's operation plan and identify new priorities to work on. Decisions are made by consensus after discussion of the points put forward by the participants. To make sure the interests of all actors are taken into consideration, the meetings are facilitated by a LCB familiar with each of the clients. The implementation of the operation plan relies on the contribution of all CG members, each of them committing which activity in the plan they will implement. A shared vision for the development of the VC is increasingly being developed and internalised as a result. Sector associations are increasing their membership and EAB is setting up branch offices at regional level to better understand the interests of the producers.

Accountability and transparency: Each coordination group meeting includes feedback on research findings, missions and the allocation of funds. CG members are required to account to each other and report back on activities in which they participated or which they carried out with funds obtained through our intermediation. The free flow of information is a major factor in changing attitudes towards trustful relationships and engagement.

Rule of law: the VC operators who participate in the CG meetings are aware of the existence of standards and regulations with regard to the quality aspects of their produce and products. One of the tasks of the business associations will be to make sure they are enforced. In the out-grower schemes, contracts are being made to regulate the relationship.

Empowerment: has essentially to do with the creation of space and freedom for clients and individuals - either through the provisions of assets or through access to information, public facilities and decision making structures - so that they can increase their initiatives and make better informed choices. The approach we use has been successful in setting the pace for the formation of both 'competitive and governed' VCs, in which empowered operators (producers, processors, traders) share information, discuss common interests, negotiate fair prices, sign sales agreements, control quality, discuss with government authorities and enter into new endeavours.

Annex 8: Capacity Development Process Honey Value Chain (SNV Ethiopia)

Year	Client	Roles/services SNV	Roles/services LCB	Crucial VC internal/external factors	Critical breakthroughs
2004	<ul style="list-style-type: none"> Value chain identification workshop prioritising 4 out of 29 VCs 	<ul style="list-style-type: none"> Technical and institutional study commissioned 29 VCs Moderation of workshop Identification of critical stakeholders for workshop 	<ul style="list-style-type: none"> Technical and institutional study 29 VCs Moderation with critical stakeholders 	<ul style="list-style-type: none"> Building on stakeholders willingness and motivation to make a difference 	<ul style="list-style-type: none"> The value chain identification process was established based on consensus by critical stakeholders
2005	<ul style="list-style-type: none"> 1st coordination group meetings Bezamar plc 	<ul style="list-style-type: none"> Establishing rules of engagement for BOAM Prepare strategic intervention plan content and process based on technical and stakeholder analysis Moderation coordination group Facilitate Bezamar to participate in APIMONDIA 	<ul style="list-style-type: none"> Moderation coordination group 	<ul style="list-style-type: none"> Building on initiatives of value chain actors and stakeholders Ethiopian honey and bees wax producer and exporter association established Contacts and funds available for participation trade show APIMONDO by Bezamar plc Mutual understanding between stakeholders, agreement on Code of Conduct and shared values Leadership development with Bezamar and others 	<ul style="list-style-type: none"> Idea of EU 3rd country listing developed Selection of export value chain to be developed based on consensus all stakeholders
2006	<ul style="list-style-type: none"> Quality working group within CG Processors Government agencies CG 	<ul style="list-style-type: none"> Organising and facilitating the establishment of quality working group Funds manual developed and disbursement of funds Development first proposals for out-grower training Coaching of technical auditors (LCBs) 	<ul style="list-style-type: none"> Technical auditors provide advise to quality working group processors Facilitation of proposal development Moderation of coordination group meetings 	<ul style="list-style-type: none"> Support from public, private and NGO sector not only for the selection of export honey value chain but also on the need for quality and quantity improvement 	<ul style="list-style-type: none"> First out growers training
2007	<ul style="list-style-type: none"> Quality working group within CG Processors Government agencies 	<ul style="list-style-type: none"> Facilitating the work of quality working group to develop plan for 3rd country listing and residue monitoring plan with international contacts and 	<ul style="list-style-type: none"> Technical auditors provide advise to quality working group processors and certification processes Facilitation of proposal 	<ul style="list-style-type: none"> The upgrading strategy of honey value chain creates several “win-win” opportunities for women Government distributes human 	<ul style="list-style-type: none"> Plan developed for EU 3rd country listing and residue monitoring plan submitted

	<ul style="list-style-type: none"> • CG • NGOs 	<ul style="list-style-type: none"> requirements and submission • Development proposals for out-grower training with proponents • Coaching of technical auditors (LCBs) on technical, quality and certification • First support to certification (ISO) processes and trade fair participation with contacts and linking 	<ul style="list-style-type: none"> development • Moderation of coordination group 	<ul style="list-style-type: none"> and other resources through structure into woredas • International honey conference and other trade fairs • MFI support to honey sector • Apiculture resource mapping 	
2008	<ul style="list-style-type: none"> • CG • Quality working group within CG • Processors (EHBPEA) • Government agencies • NGOs 	<ul style="list-style-type: none"> • Development business to business proposals with proponents • Coaching of technical auditors (LCBs) • Support to certification (organic, ISO) processes • Strategic planning cooperative unions • Facilitate business planning and linking to Cordaid for investments 	<ul style="list-style-type: none"> • Technical auditors provide advise to quality working group processors and certification processes • Facilitation of proposal development • Moderation of coordination group • Strategic planning cooperative unions 	<ul style="list-style-type: none"> • Positive SNV mid-term review • Objective of the BOAM programme adapted, namely that is will focus on the introduction of innovative approaches that aim to improve business to business relations in selected value chains, which then can be replicated by SNV and other development practitioners • Recognition of SNV as “ the value chain operator” by development partners and government • Acquire knowledge on how to increase production and quality • Practical and technical skills for production and processing • Attitude towards beekeeping has changed: “ladies are doing it” made possible through the transitional hive technology 	<ul style="list-style-type: none"> • EU 3rd country listing and residue monitoring plan approved • 1st exports to Europe and Yemen
2009	<ul style="list-style-type: none"> • CG • Quality working group within CG • Processors (EHBPEA) 	<ul style="list-style-type: none"> • Strategic plan + capacity development plan established of EBA, EHBPEA and EAB • 1 year training organised for LCBs 	<ul style="list-style-type: none"> • 2nd renewal of EU 3rd country listing residue monitoring process • Technical auditors provide advise to quality working group 	<ul style="list-style-type: none"> • New development partner • Recognition, change in attitude, change in policy regarding private sector focus • Acquire knowledge on 	<ul style="list-style-type: none"> • Ethiopian apiculture board takes over the organisation of coordination group meetings from SNV • Out growers - processors

	<ul style="list-style-type: none"> • Government agencies • NGOs • Ethiopian Apiculture Board (EAB) • Ethiopian Beekeepers Association (EBA) • PSNP plus programme and other partnerships 	<ul style="list-style-type: none"> • Detailed value chain analysis • Business to business innovative pilot development together with LCB and proponent following new fund structure on out growers, inputs, new markets, services and new bees products • Strategic planning cooperative unions • Facilitate business linking to investments 	<ul style="list-style-type: none"> processors and certification processes • Facilitation of proposal development • Moderation of coordination group • Strategic planning cooperative unions • Value chain analysis (international consultant) 	<ul style="list-style-type: none"> regulation, standards and market intelligence • Willingness to learn from practice 	<ul style="list-style-type: none"> relationships strengthened with additional embedded services and linked to inputs reaching a critical mass of 7,000 beekeepers • Documented income increase of beekeepers
2010	<ul style="list-style-type: none"> • CG • Quality working group within CG • Processors (EHBPEA) • Government agencies • NGOs • Ethiopian Apiculture Board (EAB) • Ethiopian Beekeepers Association (EBA) • PSNP plus programme and other partnerships 	<ul style="list-style-type: none"> • Strategic plan + capacity development plan established of EBA, EHBPEA and EAB • Business to business innovative pilot development together with LCB and proponent following new fund structure on out growers, inputs, new markets, services and new bees products • Strategic planning cooperative unions • Facilitate business linking to investments 	<ul style="list-style-type: none"> • 3rd renewal of EU 3rd country listing residue monitoring process • Technical auditors provide advise to quality working group processors and certification processes • Facilitation of proposal development • Moderation of coordination group • Strategic planning cooperative unions 	<ul style="list-style-type: none"> • New programmes like PSNP plus includes the honey value chain 	<ul style="list-style-type: none"> • First regional coordination groups • SNV becomes central in honey value chain support in Ethiopia

Annex 9: Capacity Development Process Livestock Value Chain (SNV Kenya)

Year	Client	Roles/services SNV	Roles/services LCB	Crucial VC internal/external factors	Critical breakthroughs
2006	SIDEP	Carried out a livestock Value chain Study and prioritised issues through an Multi-stakeholder process	Develop and Strengthen District Livestock Marketing Associations capacity to undertake their roles in Marketing of livestock.	Lack of appropriate producer organisation within the Value chain.	Kenya Livestock Marketing Council (KLMC) emerged as a National umbrella organisation for all the grassroot livestock producers groups and traders.
2007	SIDEP	Facilitating SIDEP to develop models to support producer groups and packages to engage the relevant stakeholders such as the Microfinance institutions.	<ul style="list-style-type: none"> • Strengthening Livestock Marketing Associations capacity to undertake their roles in Markets • Linking groups to MFI • Facilitate Exchange visits for producer groups to share experiences 	<ul style="list-style-type: none"> • Limited marketing linkages between producers (organisations) and processors • Limited finance opportunities for chain transactions • Weak producer groups within the Value chain. • Producers receiving low profit margins amongst all the Value chain actors 	Linkages between K-REP a MFI to Livestock traders in Samburu.
	Kenya Livestock Marketing Council	Facilitate MSP organise Field day for livestock producers at the National processor. Kenya Meat commission. (KMC)	Strengthening of producers groups to competitively engage in the formal livestock market linkages	<ul style="list-style-type: none"> • No link of producers to the formal market. • The chain not well financed. Producers, traders and transports along the value chain lack access to Financial services 	<ul style="list-style-type: none"> • Livestock's producers access new markets through the Kenya meat commission. • Livestock prices stabilise as KMC becomes the price determinant / reference point. • MFI get actively involved in invoice financing of the chain introduction.
2008	SIDEP	Documentation of the emerging co-management model to prepare sharing at the National Level.	<ul style="list-style-type: none"> • Up-scaling of the model to other county councils. • Facilitate Exchange visits for other county councils 	Limited rules of law (institutional arrangement) in livestock	Formal Adoption of the co-management model at Iolkunaini market in Samburu District
	Samburu County Council	Brokering linkages amongst the various councils keen to adopt the model	Facilitate peer to peer exchange visits on the Co-management model		Up-take of the model to the next district. West pokot. Adoption of the co-management model in 6 other markets in

				marketing (illegal cess, absence of market management)	Samburu District
	Kenya Livestock Marketing Council		<ul style="list-style-type: none"> • Up-scaling of the model to other county councils. • KLMC introduces LINKS (livestock information systems) in Kenya and trains the Data collectors and producers on how to use the system. 	Lack of access to information on Livestock markets limits the producers to maximise their profits.	The System is well received by producers and traders and interior markets receive more buyers / traders from distance places increasing competition and hence prices in some markets increase by 20% to the benefit of producer.
2009	SIDEP	Facilitating MSP to package the model that can be up-scaled.	<ul style="list-style-type: none"> • Up-scaling of the model to other county councils. • Facilitate Exchange visits for other county councils 	<ul style="list-style-type: none"> • The management and administration of the cess collected by the community occasionally draws conflict amongst the members thus threatening the existence of these markets. • Sprouting up of unplanned markets in different locations leading to coinciding of markets days and thus potential buyers are spread out amongst the markets. • Lack of clarity and adherence to the roles and responsibilities amongst the stakeholders. • Some stakeholders are not cognisant of the council by laws and they carry out activities that are in conflict with the council laws. • Quick spread of livestock Diseases due to uncontrolled emergence of unmanned markets. 	More Councils identify with the model and start demanding for the support to put up a similar model in their districts. New by-laws well received by all the stakeholders and National office (Ministry of local Govt) takes cognisance of SNV's role in livestock marketing and invites SNV to support in developing a concept paper for the Kenya Govt on Markets
	Samburu County Council	Support the Livestock MSP to initiate review of the by laws.	Sensitise the LMAs and the community to adhere to the new county council livestock marketing by laws.		

	Kenya Livestock Marketing Council	Facilitating an MSP to share the model at the National Level	Lobbying for adaption of the by-laws at the National with the Ministry of local Government	<ul style="list-style-type: none"> • Limited representation and participation of producers in livestock policy and decision processes • Limited transparency and accountability from local authorities policy and investment in the livestock sector 	<ul style="list-style-type: none"> • County councils, Govt and partner increase investment in the livestock sector • Chain actors' producers, traders, processors engage the Govt in integration of the sector needs in local and national economic development policies and programmes.
2010	SIDEP	Facilitated studies to identify key services demanded yet missing at the livestock markets	Introducing new BDS services into livestock markets.	Producers limited access to livestock production services such as animal health services.	
	Samburu County Council	Jointly sourced resources for up-scaling the model from FAO.	<ul style="list-style-type: none"> • Facilitating the construction of a model market. 	Current livestock market infrastructure not well designed to support the Market as a Business hub.	
	Kenya Livestock Marketing Council	Working with the MSP to engage the Govt on at least 3 key policy areas affecting the livestock trade.	<ul style="list-style-type: none"> • Policy analysis and consultation with members and sector players to develop position as a basis for advocacy. • Preparation and Mobilise the Stakeholders around key policy issues in livestock and craft strategy to engage Govt. 	Poor dialogue between poor communities and governments at National level on economic development priorities around Livestock.	

Annex 10: Capacity Development Process Oilseeds Value Chain (SNV Uganda)

Year	Client	Roles/Services SNV	Roles/services LCB	Crucial VC internal/External Factors	Critical Breakthroughs
2005	UOSPA	Scoping mission study, value chain analysis			
2006	UOSPA	Weaving the oilseed Web, stakeholder analysis		Analysis reveals great potential in the oilseed sub sector in Uganda	<ul style="list-style-type: none"> Oilseed sub sector development strategic programme document developed. SNV and Agriterro agrees to support the oilseed VCD through working with UOSPA
2007	MSP	<ul style="list-style-type: none"> Systemic analysis through updated stakeholder mapping, bringing national stakeholders together, convening and Facilitation of national stakeholder meetings, assisted in joint value chain analysis, visioning and prioritising of value chain issues, carried out pro poor value chain action research in partnership with WUR/MUK and the MSP, brokered contact and deal making between Mukwano, Danida and UNADA Value chain financing analysis of financing opportunities in oilseed. 	Training on agronomy practices and demonstrations, carrying out baseline studies, assisted producer organisations to develop governance and leadership structures	Increased demand for seed. Return of internally displaced communities to their homes, presence of big private sector processor on MSP, key donors and government join MSP. Donors and govt begin to look beyond relief efforts in the north to livelihood programmes. National Sunflower Conference held in Entebbe as part of an international technology and research event.	<ul style="list-style-type: none"> Stakeholders jointly agree on VC strategy Government (variety release committee of ministry of agric) releases two seed varieties on the market Lead firm Mukwano signs a tripartite MOU with Danida and UNADA to import and distribute hybrid seeds to all farmers using a commercial model.
2008	MSP	Systemic analysis through updated stakeholder mapping, bringing national and regional stakeholders together, Facilitation of national and regional stakeholder meetings in 4 major oilseed growing regions of Uganda (Easter, Northern, Rwenzori and West Nile), assisted in joint value chain analysis, visioning and prioritising of value chain issues at regional level, brokered	<ul style="list-style-type: none"> Carried out trainings and mentoring to farmer organisations to develop stronger leadership structures and systems, Assisted farmers to meet criteria for accessing financing Agronomy training and demonstration sites 	<ul style="list-style-type: none"> Farmers actively participated in the MSPs with stronger voices and able to articulate their needs Farmers access information on markets, better prices, best agronomy practices, weather, and other information required to produce and market oilseeds. Bumper oilseed production 	<ul style="list-style-type: none"> Mukwano and UNADA continues to supply hybrid planting seed to all farmers in Uganda Mukwano and other buyers and processors start paying farmers the prevailing market prices which were much higher than the previously used pre

		contact and dealing making between producers/processors with commercial financial institutions, brokered contact and dealing between farmers and grant making/donor organisations like US African development foundation, linked farmers to Uganda commodities exchange and assisted them to access market intelligence Analysis of vocational skills opportunities and demand in the oilseed value chain.		<ul style="list-style-type: none"> • More IDPs return to their homes in the oilseed growing areas to find very large fertile land which had not been under cultivation for about 20 years 	<p>season prices.</p> <ul style="list-style-type: none"> • Farmers access financial services to invest in inputs for production and marketing • Improved farmers' yield of oilseeds • Farmers get higher prices for their oilseeds leading to increased production
2009	MSP	Bringing national and regional stakeholders together, convening and chairing national and regional stakeholder meetings in 4 major oilseed growing regions of Uganda (Easter, Northern, Rwenzori and West Nile), assisted in systemic value chain analysis, visioning and prioritising of value chain issues at regional level, brokered contact and dealing making between producers/processors with commercial financial institutions, brokered contact and dealing between farmers and grant making/donor organisations like US African Development Fund, linked farmers to Uganda commodities exchange and assisted them to access market intelligence, assisted producer organisations and processors to develop and submit business and investment plans for funding.	<ul style="list-style-type: none"> • Carried out trainings and mentoring to farmer organisations to develop stronger leadership structures and systems, • Assisted farmers to meet criteria for accessing financing • Agronomy training and demonstration sites • Co-facilitated regional platform meetings • Assisted producer organisations to transform from NGOs into profit making business cooperatives 	<ul style="list-style-type: none"> • Increased production resulting from farmer's access to high quality planting seeds. • New investment into the sub sector from Mt Meru millers with a state of art new solvent extraction worth US\$30 million and capacity of 200 tonnes/day • -oilseed sub sector becomes even more attractive for tackling poverty in Uganda • All IDPs return to their homes in the oilseed growing areas to find very large fertile land which had not been under cultivation for about 20 years • Number of farmers and millers in the oilseed sub sector increases drastically. 	<ul style="list-style-type: none"> • Government agrees to prioritise oilseed as one of the strategic sub sectors for poverty reduction • Increased Government budgetary support into research and breeding in the oilseed sub sector • Improved yield of oil from oilseeds increasing margins at processor level and part of it trickling down to farmers in terms of higher prices • IFAD, the main government donor into the oilseed sub sector adopts all the priority issues as raised by the platform for funding and support in its next phase of funding the oilseed sub sector through the Ugandan government

Annex 11: SNV's core characteristics and description for effective behaviour

SNV's work is about capacity building and poverty alleviation, essentially about working with people and about relationships with people. SNV's work is also about taking leadership towards the impact that SNV aims for. The three sets of SNV corporate values are closely related to the five core characteristics (SNV 2008: Core characteristics and effective behaviour):

*“**Trust and respect** define the quality of the interface between our partners/clients and us. We wish to be treated with respect and this is also how we should relate to others. Trust also means to be trusted and to be reliable. SNV must be known for being trustworthy and as reliable partner. **Equity and Equality** are interlinked: SNV cannot achieve good quality in its work if underlying problems of inequity are not addressed. The good **quality** of our results has a positive effect on capacity development of partners and clients and indirectly on poverty alleviation. **Equity** has to do with the core of SNV's goal of reducing poverty and social injustice / power imbalances. **Diversity and people centeredness** reflects the fact that our work with partners/clients is about people working with people. Diversity as a core value means that we recognise and value the great diversity of clients. Diversity within SNV is reflected in its multi-cultural character and in presenting its diverse nature as an explicit strength of the organisation.”*

The five characteristics are translated in the following descriptions of effective behaviour:

***Leads from the middle:** Looks for actions that intelligently connect the capacities, talents and creativity of different people to give of their best. Aligns behaviour with the needs, priorities and goals of the wider organisation. Unleashes the potential in the individuals and teams in the web. Is embedded within the SNV organisation.*

***Is a relationship builder:** Builds and nurtures strong, authentic and reciprocal relationships. Shows understanding of different interests, cultures and perspectives. Accurately hears and understands the unspoken feelings and interests of others.*

***Has an attitude of inquiry:** Demonstrates genuine curiosity and interest in people, things and issues relevant for SNV's vision. Listens actively, with honest appreciation and harnesses the diversity of perspectives. Takes time to reflect critically on the effect of own practice and that of others.*

***Is a straight talker:** Communicates directly and in a way that fosters trust and clarity of intent. Addresses difficult issues or conflicts in a direct and respectful manner (puts the fish on the table). Actively seeks and gives honest feedback.*

***Takes responsibility and is accountable for impact:** Is rigorous and perseveres in working towards tangible results. Is reliable and accountable in this respect. Takes initiative and appropriate risks. Takes a leading role in own learning and development. Monitors and evaluates results in the light of SNV impact ambitions.*

Annex 12: Steps taken in the ESA region to strengthen the skills of advisors

- In 2004/2005 ESA reviewed its advisory practice and developed a series of publications (three in all) entitled 'Building Advisory Practice'. Based on practical examples from the field, these publications provided an overview of the necessary skills required to facilitate change processes.
- In 2005, an evaluation by the Dutch consultancy firm FACET took a critical look at ESA's work in what was the practice area Market Access for the Poor. The evaluators highlighted that the focus of SNV advisors was too concentrated on working with POs and local government rather than with actors along the chain.
- As a consequence of this evaluation, the Country Director in Uganda, who had a strong private sector background, developed in early 2006 a list of skills required of advisors in order to facilitate the interactions along the value chain.
- Based on this skills list, a skills audit was carried out by the regional HR manager to assess where advisors needed strengthening. In some cases, this also led to termination or at least non-renewal of contracts.
- At the same time the Knowledge Network developed a products (or facilitation skills) catalogue to guide advisors in their work with chain actors. This catalogue introduced the concept of multi-stakeholder platforms and the need to look at the chain as a system.
- These products were adapted and adopted by the sector teams in BASE and therefore very much influenced ESA's work in facilitating change processes. The system model used to understand the VC and the wider environment is also being used to analyse systems in the BASE sectors.
- During the course of 2007 and 2008, several meetings of the network were convened to refine these products and ensure that senior advisors from each country were supporting the now 'economic development advisors' to work as facilitators.
- Since 2008 some senior advisors have been working on an ESA (and also corporate) training programme to ensure that all economic development advisors understand their role and have the skills and knowledge to facilitate change processes.
- By mid 2010 an interactive training³³ with many practical examples will be available for selected senior advisors across ESA, to be followed by coaching through regional advisors in the subsequent months.
- The knowledge network remains a key platform to promote learning across ESA. In addition, knowledge from Latin America on Inclusive Business has informed the development of the approaches in Economic Development/Agriculture.
- Individual countries and individual advisors have also invested heavily in the development of technical skills to understand the chain and working with the private sector. Ethiopia, for instance has contracted a Dutch consultant for four sessions a year to coach the team of economic development advisors. Uganda has recruited a team of highly skilled advisors with private sector experience.

³³ The three IOB evaluation cases have been instrumental in informing the training materials and approach. The training emphasizes the role of SNV advisors as external facilitators of change processes as opposed to services providers (and hence actors in the chain). The five C model has also been adopted as a framework for assessing change both within individual client organizations and the VC system as a whole.

Annex 13: Organigram SNV Kenya

